

# Selling Solutions for On Demand Business

The starting point for selling solutions for On Demand Business

Actual client scenarios for On Demand Business sales

Practical reference for Solution Advisor certification



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International Technical Support Organization

**Selling Solutions for On Demand Business**

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**Note:** Before using this information and the product it supports, read the information in “Notices” on page ix.

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This edition applies to selling IBM solutions that result in On Demand Business.

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# Preface

Arm yourself with the knowledge and tools to help you sell IBM® solutions and enable IBM Clients to become an On Demand Business. This IBM Redbook serves as a practical reference for those who desire to understand the IBM On Demand Business strategy and how to sell effectively within it. It provides the perfect starting point for those who want to integrate On Demand Business concepts into their selling practice. It also serves as guide for anyone who is preparing to take the *IBM Certified for On Demand Business Solutions Advisor Exam* (Test 816).

This IBM Redbook targets those who are seeking information about On Demand Business. First, it specifically addresses anyone who is trained in or interested in learning more about IBM's solutions or consulting in the On Demand Business arena. Second, it targets experienced information technology (IT) marketing, sales, and presales individuals across the IBM, independent software vendors (ISVs), IBM Business Partners, and the general IBM community. Third, it provides guidance to anyone who is interested in becoming certified or re-certified as an *IBM Certified for On Demand Business – Solution Advisor* via Test 816. The secondary audiences of this book include business school candidates or those who are seeking a career in IT sales or to further such a career.

By reading this IBM Redbook, you will understand the IBM On Demand Business strategy. You will be able to identify On Demand Business opportunities and target markets, as well as know how to sell solutions in line with the strategy. You will also have the ability to articulate and sell solutions that support On Demand Business. Plus, you will understand how to be more adaptive to the dynamics in the marketplace.

## The team that wrote this redbook

This redbook was produced by a team of specialists from around the world through the International Technical Support Organization (ITSO).

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# Starting point for selling solutions for On Demand Business

In 2003, IBM gave a name to a new era in business—on demand—and introduced a strategy to drive high growth for both clients and IBM. IBM On Demand Business messages have spread far and wide.

People often associate strategies with events that may or may not happen far into the future. However, the IBM On Demand Business strategy is real. It delivers value to our clients today and provides revenue for sales representatives at this very moment.

Today, IBM teams are working on over 600 On Demand Business engagements worldwide. We are delivering solutions from integrated infrastructure offerings to application hosting and business process transformation services. Over half of these engagements are in such industry sectors as public, industrial, communications, and financial services, with faster-than-market growth.

This chapter introduces you to the concepts of on demand business that are addressed in this redbook. It also explains the IBM Certified for On Demand Business Initiative.

# 1.1 Purpose of this redbook: Essentials of selling On Demand Business

Much has been written about on demand business. Considering the amount of information that exists, marketing, sales, and presales individuals who want to learn more about it may be easily overwhelmed.

This IBM Redbook provides a starting point for those who want to know the essentials of on demand business and how to sell it using the IBM On Demand Business strategy. It also serves as a resource for those who are preparing to take the IBM Certified for On Demand Business Solutions Solution Advisor Exam (Test 816).

The authors of this redbook have significant experience in recommending and selling solutions for On Demand Business. The advice they offer and examples they provide are intended to bring you up to speed quickly to sell in the on demand era.

This redbook is structured so that it delivers information to you in on demand fashion. This enables you to choose to read the chapter or chapters that meet your particular information needs. This book contains the following chapters and appendix:

- ▶ Chapter 2, “The On Demand Business” on page 7, provides basic information about on demand business and the stages a business goes through in becoming fully on demand. It also introduces areas for approaching your clients to help them begin their on demand business journey.
- ▶ Chapter 3, “Marketplace directions” on page 23, explains today’s market forces and the on demand business responses to those forces. It also provides several actual on demand business sales scenarios for the electronics, banking, consumer products, and retail industries.
- ▶ Chapter 4, “Client relationships” on page 39, explains why the client and sales relationship is especially critical in an on demand business journey. It suggests where to focus your efforts as you begin working with your client. And it describes client entry points into the on demand business world. These entry points include business transformation, operating environment, and Flexible Financial and Delivery Offerings (FFDO).
- ▶ Chapter 5, “On demand business breakthrough” on page 49, explains the key components of transforming clients to on demand business. These components consist of business transformation, the On Demand Operating Environment, and FFDO.

- ▶ Chapter 6, “The On Demand Business value proposition” on page 71, describes the main reasons why businesses should consider becoming on demand:
  - To innovate the business to differentiate it from competitors and produce breakthroughs
  - To make better use of resources, improving productivity
  - To increase security and resiliency
- ▶ Chapter 7, “Mapping the IBM offerings to solutions for IBM On Demand Business” on page 83, provides industry-specific offerings and solutions from IBM and our business partners that are helping businesses become on demand.
- ▶ Chapter 8, “Creating a buying vision and energizing the sales process” on page 93, identifies on demand business opportunities within the major industries. It describes how to sell solutions for On Demand Business in the context of the IBM Signature Selling Method (SSM).
- ▶ Chapter 9, “Identifying client business problems and requirements” on page 119, discusses the importance of understanding your client’s preferences and requirements. It also explains how to create a plan that addresses them.
- ▶ Chapter 10, “Moving the sale forward” on page 129, offers information about what you should know and do after your client has accepted your proposal. It contains two client on demand business sales scenarios.
- ▶ Chapter 11, “Resources, tools, and references” on page 135, identifies publications; education and training courses; offerings, services, and solutions; and On Demand Business assessment tools that pertain to On Demand Business. The information is organized by the three main entry points (approaches) to helping a client’s business become on demand. This chapter also explains where to find On Demand Business client references and case studies.
- ▶ Chapter 12, “On demand business examples” on page 179, describes clients who are on their journey to becoming on demand businesses.
- ▶ Appendix A, “Sample test” on page 185, provides certification test sample questions and answers.

## 1.2 The IBM Certified for On Demand Business initiative

To successfully build an on demand business, organizations need access to highly skilled professionals to help them establish an on demand business vision. They also help to transform their business processes and implement changes.

The IBM Certified for On Demand Business initiative is designed to increase and validate an information technology (IT) professional's on demand business proficiency. It begins with two key certifications for on demand business roles: Solution Advisor and Solution Designer. These certifications focus on the key capabilities required to develop an On Demand Business strategy, select specific technologies and products, design an implementable solution, and implement and maintain that solution.

For additional information about the IBM Certified for On Demand Business initiative, go to:

[http://www-03.ibm.com/certify/certs/eb\\_index.shtml](http://www-03.ibm.com/certify/certs/eb_index.shtml)

### **Solution Designer**

The Solution Designer translates a client's business requirements into an implementable solution for On Demand Business. Their responsibilities include:

- ▶ Articulating industry and technology trends within the framework of the IBM On Demand Business strategy
- ▶ Gathering client business requirements
- ▶ Analyzing business processes
- ▶ Creating high-level technical requirements and solution design using the most effective practices
- ▶ Managing business and technical trade-offs and constraints during the design process for the solution for On Demand Business
- ▶ Leveraging the expertise of various specialists and coordinating their contributions to ensure a complete solution
- ▶ Assisting with proposal preparation
- ▶ Verifying that the On Demand Business solution meets client requirements

### **Solution Advisor**

The Solution Advisor certification validates the ability to engage clients, develop an On Demand Business strategic vision, translate client requirements into On Demand Business opportunities, and manage the client relationship. It is applicable to anyone who sells IBM solutions to help clients attain an On Demand Business. The Solution Advisor is responsible for:

- Identifying potential clients for On Demand Business
- Building client relationships
- Identifying client business problems and requirements
- Facilitating the creation of the buying vision
- Articulating the IBM value proposition
- Orchestrating solution development
- Closing the sale
- Verifying that the solution meets the client's expectation

The Solution Advisor certification validates the ability to translate client business requirements into implementable solutions for On Demand Business. It takes into consideration security, networking, and existing client environments to design a secure scalable solution. This certification is for those with general IT consulting or architecting experience.

This redbook serves as an excellent resource (but not a study guide) for those who are preparing for the IBM Certification for On Demand Business Solution Sales Exam (Test 816). Solution Advisors play critical roles in helping their clients understand On Demand Business, begin the On Demand Business journey, and progress with it successfully. If you plan to take Test 816, we recommend that you read *all* chapters in this book and complete the sample test found in Appendix A, “Sample test” on page 185.

Table 1-1 shows the primary tasks of the Solution Advisor and where information about the tasks appears in this redbook.

*Table 1-1 Primary tasks of the Solution Advisor*

<b>Solution Advisor main tasks</b>	<b>Chapter or chapters</b>
Identify potential clients for On Demand Business	<ul style="list-style-type: none"> <li>► Chapter 3, “Marketplace directions” on page 23</li> <li>► Chapter 4, “Client relationships” on page 39</li> </ul>
Build client relationships	Chapter 4, “Client relationships” on page 39
Identify client business problems and requirements	Chapter 9, “Identifying client business problems and requirements” on page 119
Facilitate the creation of the buying vision	Chapter 8, “Creating a buying vision and energizing the sales process” on page 93
Articulate the IBM value proposition	Chapter 6, “The On Demand Business value proposition” on page 71

<b>Solution Advisor main tasks</b>	<b>Chapter or chapters</b>
Orchestrate solution development	<ul style="list-style-type: none"> <li>▶ Chapter 5, “On demand business breakthrough” on page 49</li> <li>▶ Chapter 8, “Creating a buying vision and energizing the sales process” on page 93 and Chapter 10, “Moving the sale forward” on page 129</li> </ul>
Close the sale	Chapter 10, “Moving the sale forward” on page 129
Verify that the solution meets the client’s expectations	Chapter 8, “Creating a buying vision and energizing the sales process” on page 93



## The On Demand Business

The wave of change that IBM first termed *On Demand Business* continues to gain traction and momentum. The ability to deploy solutions for On Demand Business is and will remain central to the future success of IBM, IBM Business Partners, and IBM Clients, but is not necessarily a differentiator for us anymore. Thus, we will continue to expand our focus toward on demand business.

In 2004, we must continue to invest in proving that IBM and our Business Partners are the best in the new world. While each client is different, 10 key investment areas have emerged as primary client needs in the world of on demand business. Meeting these needs in turn enables businesses to make progress toward reaching these strategic imperatives:

- ▶ Innovate the business to differentiated value and capture new value
- ▶ Make better use of resources to be more productive

IBM and our Business Partners deliver breakthroughs in business innovation and productivity. This achievement drives the success of businesses in the on demand business world because we have:

- ▶ The end-to-end insight and experience necessary to help clients anticipate and navigate the issues, regardless of the entry point
- ▶ A track record of applying end-to-end business and technology experience and expertise to solve clients' needs in the context of their industry
- ▶ Superior offerings designed to meet the requirements of the on demand business world

## 2.1 Value proposition

Clients value partners who can fuse the lenses of their business model, business processes, and technology into one informed view of what it takes to enable a company to compete more effectively in the on demand business world. IBM's position of strength lies in our unique ability to do this.

As shown in Figure 2-1, IBM combines the full equation of business strategy and infrastructure management resources with deep-seated alliances and strategic partners across all industries. Only IBM and our Business Partners can provide this end-to-end strategic portfolio to help companies realize the promise of the on demand era.

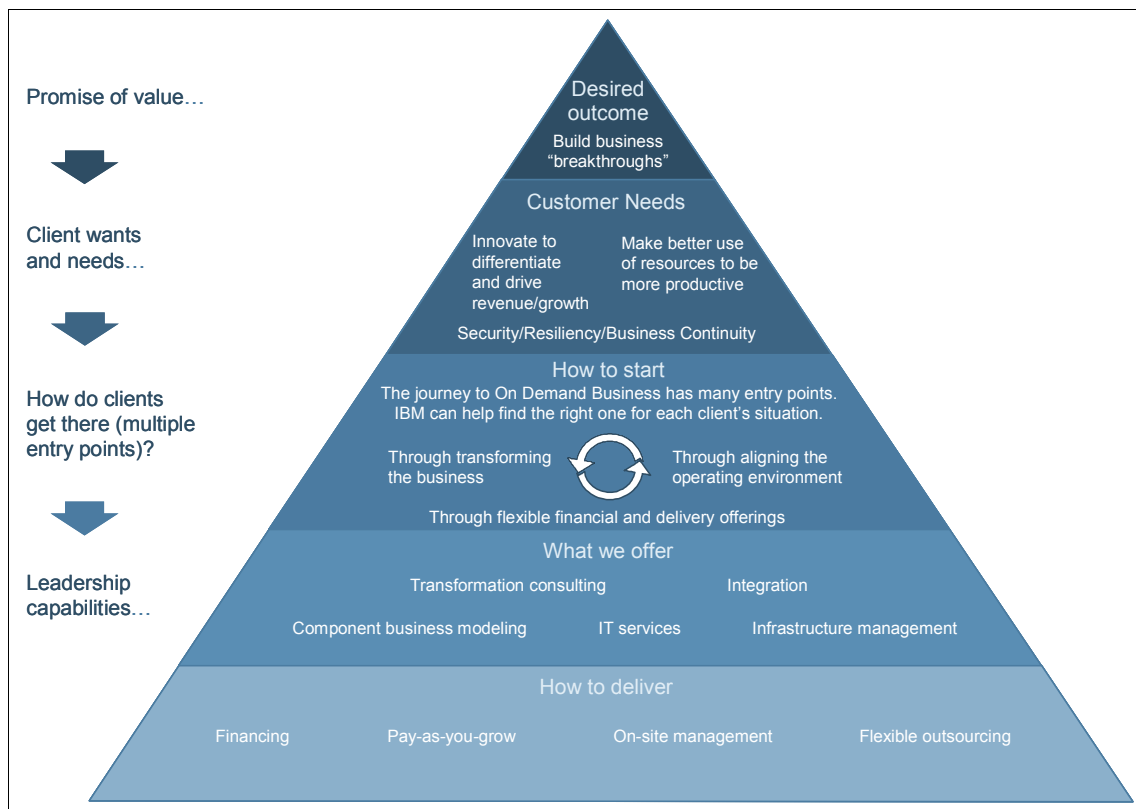


Figure 2-1 IBM's end-to-end strategic portfolio

IBM and IBM Business Partners offer industry-specific experience in combining business process knowledge and technology, through flexible options. This expertise helps to make better use of resources to be more productive and innovative to differentiate and capture new value.

Only IBM and our Business Partners, with our end-to-end capabilities, can help develop a customized roadmap that is focused on the needs of your business in the context of your industry. It starts at a point that is right for you (from a single technology purchase through an enterprise transformation). It provides both intermediate return and long-term value to help develop an on demand business.

## **2.2 Innovating the business to differentiate and capture new value**

Organizations need a partner to help them deliver new business value and growth in the market through product innovation or more personalized client service. Or they may need a partner to help transform business processes.

In the face of fierce global competition, organizations must be able to anticipate, rapidly respond, and always be available. IBM and our Business Partners can help organizations become more on demand. We do so by integrating processes and business behavior horizontally, across teams and value networks, to respond more quickly to market changes.

The demand-driven supply network is becoming a reality. This far exceeds the definitions of supply chain or other such applications.

## **2.3 Making better use of resources to be more productive**

In today's difficult economic climate, organizations want to make better use of the resources that they have, whether by saving a step in a business process or improving linkage with their business partners. Organizations are looking to achieve more from the resources that they have in place so they can generate additional opportunity.

Ultimately, they want to reduce their operating costs. IBM solutions for On Demand Business help organizations to focus on their core competencies.

## 2.4 Ten things you need to know about On Demand Business

On Demand Business is all about opening up a great new opportunity for IBM, our Business Partners, and our Clients. A year ago, on demand business was an IBM assertion. Today, it's a reality. According to the internal IBM document, *10 Things You Need to Know About On Demand Business*, IBM itself expects to cut US\$7 billion in expense from 2003 to 2004 by becoming an On Demand Business.

There are four key categories, as shown in Figure 2-2, that you should understand when approaching on demand business:

- ▶ What's going on in the *market* and how it relates to clients' needs
- ▶ The *clients'* needs and visions and how can IBM help to achieve them
- ▶ How *IBM* is preparing to sell this value-generating idea to clients and to use it internally to create value
- ▶ The steps *you* need to take to prepare for selling this great opportunity and how it relates to the overall solutions initiative

First, on demand business starts with an enterprise's business model and business design. Future innovation in business models will be driven by horizontal integration, where for years, we've all focused on the vertical process. Our attention was on Customer Relationship Management (CRM), Enterprise Resource Planning (ERP), Supply Chain Management (SCM), back office processes, and so on. Second, in this new world, the technical characteristics necessary to support horizontal integration have changed. The infrastructure needs to be more simple, more automatic, more autonomic, and more cost effective. Finally, given all these shifts, clients are going to insist on different ways to access, manage, and buy technology.

Now, how do we accelerate this adoption in the marketplace? Everyone needs to lead the charge. It's a great story, but it has to be told. And to do that, you need to connect with your client information technology (IT) executives. Begin telling them how they can rejuvenate their IT functions and use innovation to deliver real business value for their organizations. Part of this process is to identify business "champions" who can drive solution initiatives for on demand business across the organizational boundaries.

There is a challenge to selling On Demand Business. It's a change in perspective. There is a requirement to take the discussions to a higher business level of business processes and process integration. And hopefully, that message will begin working its way up the client food chain. Discussions have to take place with the client contacts—the IT executives. We need to talk to our

counterparts and let them know how looking at their enterprise through the on demand business lens can help them advise their CEOs and CIOs on solving their business problems. And at the same time, IBM Client representatives will take the same messages to the CIOs, CFOs, and CEOs of the client organizations.

But we all know that, as we start talking about business issues, we all become more exposed. To help transform your clients to on demand business, we give you 10 items that you need to focus on as shown in Figure 2-2. It's vital that we position ourselves correctly the first time out. Nobody can achieve on demand business like IBM. But we have to cut through the marketplace confusion, understand the relationship to solutions, and tell that story loud and clear to your clients.

## 10 Things You Need to Know

**The Market**

1. What's the difference between on demand and On Demand Business ?
2. What's happening in the marketplace to make On Demand Business such a hot opportunity?

**The Client**

3. What does On Demand Business mean for my business?
4. What does an On Demand Business look like?
5. Can you demonstrate that On Demand Business is real?

**IBM**

6. What sets IBM apart? What's your competitive differentiation story?
7. What can you sell me today?

**You**

8. How can I help my client become an On Demand Business?
9. Who in IBM do I engage to help me sell what a client needs to become an On Demand Business?
10. Where do I go to get started and how do I stay informed?

 **DEMAND BUSINESS™**

Figure 2-2 Ten things you need to know about on demand business

The following sections explain each of these 10 items to help you understand the concepts behind each one. They are based on the IBM internal document *10 Things You Need to Know About On Demand Business*.

### 2.4.1 Item 1: What's the difference between on demand and On Demand Business?

When we talk about *on demand business*, we're talking about a new era, the one that we live in today. Now people are used to obtaining their money, their airline tickets, and a host of other items on demand today. It's the logical extension of that approach across the enterprise, linking clients and suppliers as well. Linking business processes within and beyond the four walls of the enterprise requires a strong backbone of infrastructure, which may consist of ERP, CRM, and SCM applications.

We know that, from our own research into adoption, a majority of the world has embraced on demand to help them solve their IT problems. The ability to deploy solutions for On Demand Business is and will remain central to the future success of both IBM and our clients. But it is not necessarily a differentiator for either of us anymore. This is why we are explaining our focus toward on demand business.

IBM CEO Sam Palmisano defines on demand business as, "An enterprise whose business processes—integrated end-to-end across the company and with key partners, suppliers, and clients—can respond with flexibility and speed to any client demand, market opportunity or threat."

Here are the practical concepts of on demand business:

- ▶ On demand business is a response to the competitive challenges facing our clients. Their margins are getting squeezed. They are looking for ways to reach new markets and increase their profits, and they need to do it within their current operating budgets. Sound like a contradiction? No, on demand business can deliver on that promise. IBM can bring them the innovation they need to capture new value and give them productivity gains at a lower cost.
- ▶ On demand business comes alive in an industry context. This is all about real business challenges, not about technology, so you need to talk to clients about the problems they face in their industry. We have industry solutions that can help them.
- ▶ Clients want the big picture and the practical steps to get there, so we have to take this personally. Again, these are all about the business challenges that our clients are facing today. And they want business solutions and practical guidance about how to get there. By taking it personally, we mean being persistent, driving our messages through, and starting on demand business projects in your client organization.
- ▶ It's not about what IBM sells. It's about helping the client become an on demand business. This is all very much client driven, not IBM driven. But we are fortunate to have all the tools and expertise necessary to help our clients at this critical turning point in our industry.

## 2.4.2 Item 2: What's happening in the marketplace to make On Demand Business such a hot opportunity?

What's new about the business climate? First, we face a rapidly changing business landscape, one where the rate of change itself is accelerating faster than ever. The concept of the "clock speed" of business has become a reality that governs the success or failure of a business.

As shown in Figure 2-3, much is changing. We have accelerating advances in technology, which always changes the playing field. In addition, the business landscape is changing. There is a much deeper integration of IT today within business. IT is no longer a back-room operation. On top of that, volatility is increasing across all areas, from economies and stock markets to pricing pressures and competitive threats. Companies must be able to manage in the face of all that pressure. That means responding faster and more accurately, while reducing the cost of business by becoming more productive.

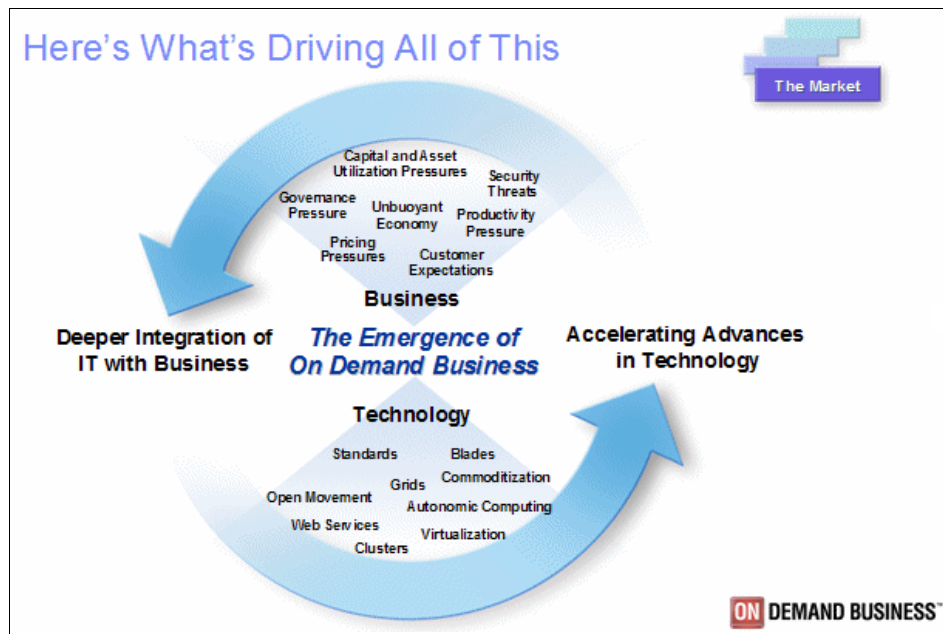


Figure 2-3 The new business climate

### Opportunity for growth

An on demand business world gives IBM a wider base of opportunity than ever before. We are used to looking at an IT market of approximately US\$1.2 trillion. But when we include many of the new areas we are working on, in such areas as Business Process Outsourcing (BPO) and Business Process Transformation

(BPT), we see a larger market. The overall US\$1.661 trillion market is broken down into three parts:

- ▶ **Traditional IT solutions for On Demand Business:** This includes our systems, software, and many of our services.
- ▶ **Business Consulting:** This is provided by the IBM Global Services Business Consulting Services (BCS) team.
- ▶ **BPO and BTO:** As part of BCS, this solution not only allows clients to outsource some processes to us, but enables us to add value to their business by improving or transforming them.

Within on demand business, opportunity assigned to the three market plays comes from the US\$793 billion Global Market View (GMV) of on demand business spending. It is divided into “served” and “ensured” opportunity based on current GMV product and service definitions. “Served” categories are the ones from which IBM derives revenue. Each play determines the size of its target market.

- ▶ The Business Transformation (BT) market segment opportunity is US\$163 billion in 2004, including the US\$78 billion BTO portion of the BPO market segment currently addressable by IBM. This market is 100% served, addressable, and targeted. The estimated three-year compound annual growth rate (CAGR) is 7.6%.
- ▶ The Operating Environment (OE) market opportunity is US\$255 billion for 2004, with US\$146 billion served. IBM has selected a US\$75 billion target market (US\$42 billion served, US\$33 billion unserved) of clients currently implementing on demand business. The estimated three-year CAGR for this target market is 12.7%.
- ▶ The Flexible Financial and Delivery Offerings (FFDO) opportunity is US\$48 billion. It is 100% addressable, with US\$43 billion served. The three-year CAGR is 25.5%.

### 2.4.3 Item 3: What does On Demand Business mean for my business?

On demand business permits clients to deliver against today’s two key strategic imperatives. First, it permits them to innovate in order to differentiate themselves from their competitors. Second, it delivers greater value to their customers.

How do we know that innovation and productivity are strategic imperatives? We’ve done some research to learn about what our clients are looking for today, both from a business and an IT point of view. The research was done with CEOs, CIOs, line of business (LOB), and IT executives.

## 2.4.4 Item 4: What does an On Demand Business look like?

A company that is on demand has already started on its journey. Transforming clients to an on demand business means that they:

- ▶ Will be more competitive
- ▶ Can respond faster to external and internal conditions
- ▶ Can beat their competition by focusing on what they do best
- ▶ No longer are stretched by fixed financial commitments
- ▶ Can make those commitments variable to give themselves a lot more business flexibility
- ▶ Can respond faster and better to external threats

They are also positioned to react quickly to changing market conditions. This requires a strong backbone with data and security that are well established over time. ERP implementations that took place over the past five or six years can start to pay off by providing the groundwork for this dynamic enterprise.

Figure 2-4 illustrates what an on demand business looks like and how it can make clients more competitive.



Figure 2-4 The on demand business

## 2.4.5 Item 5: Can you demonstrate that On Demand Business is real?

On demand business is paying off for real companies thanks to IBM. We can cite more than 500 client examples from 21 industries around the world where on demand business is helping clients to innovate and become more productive.

You can even use IBM as a key on demand business reference, because the payoffs for us are probably among some of the best. IBM expects to cut US\$7 billion in expenses from 2003 to 2004 by employing the idea. From 1994 until 2002, IBM achieved US\$16.5 billion in efficiency and productivity benefits from US\$5.6 billion of investment. That's more than enough to fund any on demand business initiatives that anyone could consider.

Also, we have faith in our own on demand business support systems. IBM outsources its entire Web infrastructure services to IBM Global Services. IBM also uses our own hardware, software, business and IT strategists, and consultants. The IBM On Demand Business initiative, w3, supports more than 325,000 employees worldwide, including approximately 120,000 mobile workers. w3 simplifies IBM's vast Web network of more than 2,000 intranet sites, 680 major Web sites, five million Web pages, and 5,600 domain names.

In addition, we are applying on demand business throughout our organization, from sales through manufacturing. The numbers speak for themselves and demonstrate how our on demand business applications deliver real business value.

In addition to IBM being a reference, many of our clients are already there today. The IBM Customer Reference Database has many solutions references that feature on demand business success stories. Reference this database as one of your first steps in showing your client that they are not alone.

## 2.4.6 Item 6: What sets IBM apart? What's your competitive differentiation story?

We are uniquely differentiated. IBM is virtually the only organization with a combination of deep industry and business process expertise and IT capability. Those insights are the fundamental underpinnings upon which we've built our approach to helping clients enable their On Demand Business breakthrough.

Most of what you see in Figure 2-5 should be familiar. IBM has been talking about business transformation, the On Demand Operating Environment, and Flexible Financial and Delivery Offerings for more than a year. We have made significant progress in moving from the *what* of On Demand Business to the *how* of On Demand Business.

We recognize that organizations have different priorities, different personalities, and different approaches. Our offerings reflect that by providing many different entry points. Where you start depends on your organization's priorities.

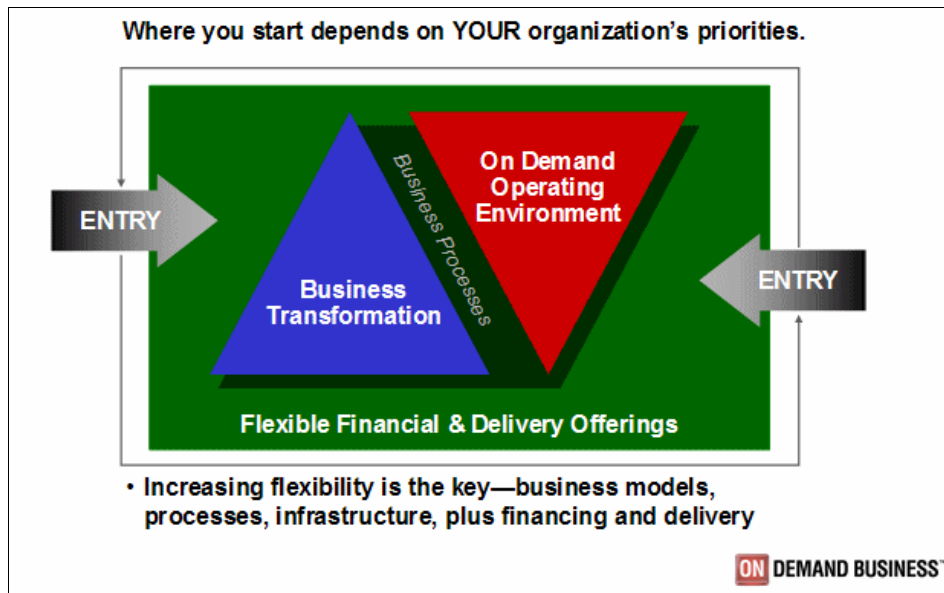


Figure 2-5 The essentials of an on demand business breakthrough

We have competitors, but no one has the depth and breadth of IBM in the marketplace. We have the vision and experience to lead, and the muscle to back it up. As you can see, it's a unique combination of the business and industry expertise necessary to make a business contribution, combined with an tremendous IT capability. And we have unmatched end-to-end IT capability with our servers, storage, middleware, services, and IBM Business Partners. Nobody else has this ecosystem with vision and capability. This is what we need to build client confidence in our approach. We can see the vision, we can describe it, and we can deliver it. What a great opportunity.

### 2.4.7 Item 7: What can you sell me today?

It's a great story and another one that puts us way ahead of the competition. We defined this new opportunity, and we have made great progress in preparing ourselves and our clients to reap the benefits of an on demand business. Across all areas of IBM, we all now have an on demand business focus. And we have a roadmap to help our clients achieve their goals for on demand business.

## 2.4.8 Item 8: How can I help my client become an On Demand Business?

If you can't make on demand business real for your client, then you certainly can't sell the IT that your clients need for on demand business. The good news is it's really straightforward if you know what you're looking for.

The journey to On Demand Business has many steps. Therefore, we recommend that you engage your client with multiple projects. Do not wait to build the grand on demand business project in the sky. That will take too long and seem too complex. Instead, paint the vision and embark on simultaneous engagements. Figure 2-6 shows nine ways you can start helping your client today. These approaches are proven and have worked at client accounts.



Figure 2-6 Conduct simultaneous engagements on your On Demand Business journey

## 2.4.9 Item 9: Who in IBM do I engage to help me sell what a client needs to become an On Demand Business?

No single person and no single team or business unit can successfully sell what a client needs to become an on demand business. There's no room for single minded thinking in the on demand business environment. This means that you need to build a value network of partners. Then you have to be able to use that value network to successfully help a client become an on demand business.

### **2.4.10 Item 10: Where do I get started and how do I stay informed?**

Many resources in IBM are available to help achieve your sales objectives. For a good starting point and information source, consult the IBM On Demand Business Web site at:

<http://www.ibm.com/e-business/ondemand/us/index.html>

## **2.5 The journey to On Demand Business**

Becoming an on demand business does not happen overnight. It's a journey. One of the most powerful insights from IBM's research is the recognition of how an organization's approach to aligning business, IT priorities, and resources changes at each stage of the journey. In the access stage, investment decisions tend to be driven independently, by either line-of-business or IT people.

As organizations move into the enterprise integration stage, the dynamics change. The focus switches from stand-alone processes and applications to value chains that cross departmental lines and organizational boundaries. This, in turn, triggers the need for a cultural shift that must be driven from the top down. This is especially true in organizations that are highly decentralized, or that grew as the result of acquisition. It's not uncommon to find duplicate business functions (accounting, human resources, sales and marketing). It is during the enterprise integration stage that these siloed, duplicate functions become integrated.

In the on demand business world, an organization must have access to a holistic view of its clients. It must have seamless movement of information through its value net, even when partners come and go. Finally, it must have a cost-effective, resilient infrastructure that can handle unpredictable demands, and survive natural as well as man-made threats. Therefore, in this stage, it is critical that a team of business and IT leaders work together to establish the business priorities and then align the IT strategy to deliver.

A key research Business Partner of IBM notes that, even in the midst of what appears to be the worst technology recession in decades, "a small, select group of companies (about one in four) [is] using the downturn to build competitive advantage through selective investment in new, strategic IT initiatives."

These companies are remaking themselves by fusing the passionate pursuit of business leadership with a disciplined, evolutionary approach to IT infrastructure optimization. They are doing it by embracing the IBM On Demand Business value creation cycle. Simply defined, this is a philosophy of re-investment, following an ongoing cycle designed to continuously increase business value. Companies take the savings achieved through IT optimization to fuel business

leadership initiatives, and tap into a powerful, self-perpetuating funding source for on demand business transformation.

Achieving this requires defining key business priorities, breaking them into processes, and developing a deep understanding of your existing asset base. These are the key questions to discuss with the client:

- ▶ What systems and processes are in place today?
- ▶ Where does the data reside?
- ▶ Who has access to the data?
- ▶ Who needs to have access to the data?
- ▶ What are the requirements for logistics or workflow?
- ▶ How do data and transactions flow today?
- ▶ What's manual? What's electronic? What could be electronic?
- ▶ What are the needs of the people inside the organization and in the supplier network?
- ▶ What are the key resources?

Armed with a solid understanding of the organization's core assets, capabilities and needs, you can establish a baseline. This is the baseline by which you can determine the success of your on demand business initiatives.

## **2.6 Finding the On Demand Business opportunity**

IBM has developed a multi-pronged approach to use when developing solutions for On Demand Business for your clients. Few clients will be prepared to make an immediate wholesale move to being an on demand business. Most will proceed incrementally, choosing to focus on their specifics.

Recognize where your clients want to go by referencing the on demand business approach chart shown in Figure 2-5 on page 17. You can help the client enter the on demand business world in the area of Business Transformation, the On Demand Operating Environment, or FFDO.

For further information about finding on demand business opportunity, refer to Chapter 4, "Client relationships" on page 39, and 8.3, "On demand business opportunity in the industries" on page 97. You can also refer to Chapter 4, "Client relationships" on page 39, for more information about Business Transformation, the On Demand Operating Environment, and FFDO.

### **2.6.1 Examples of the IBM transformation to an On Demand Business**

The following examples illustrate how IBM has applied the various stages of becoming an on demand business.

### **IBM online travel reservation (access to on demand business)**

IBM needed to find more efficient ways to manage its corporate travel program, to lower employee travel costs, and to improve productivity. Previously workers had to make reservations over the phone with an IBM pre-approved travel vendor. While guidelines were in place to enforce pricing rules, they were somewhat limited and after the fact.

To this end, IBM created an IT infrastructure that is capable of integrating heterogeneous IT resources across internal and external enterprise systems, enabling a new level of responsiveness for employees. The new, easy-to-use online booking system provides real-time reservations capability, enforces travel policy compliance, and enables better control of the travel management process.

### **IBM workstation management (integrated to on demand business)**

IBM needed to manage more efficiently nearly a million workstations for our employees. At the same time, we needed to enhance personal productivity, while reducing costs, ensuring software compatibility, and increasing ease-of-use.

A typical IBM employee was not aware that new or updated software packages were available for delivery. This led to higher rates of failure and problems with compatibility because employees had different versions of software worldwide. We realized that we needed to make our workstation users aware and informed of changes in status and provide the latest tools and information to them.

Today, a series of IBM-developed applications sense and respond to workstation needs and push solutions to employees. Currently, IBM executes approximately 6 million software downloads each year. Thanks to the implementation of IBM Standard Software Installer (ISSI), we save over \$195 million annually. ISSI eliminated the need for individual business units to maintain their own servers and staff for software distribution. Since ISSI is online 24x7 and available to local, remote, and mobile employees, employees can now obtain needed software much faster.

### **IBM on demand business workplace (on demand business)**

To enhance responsiveness, reduce costs and improve the productivity of our global workforce, IBM implemented the IBM On Demand Workplace (ODW). ODW is an open, integrated, communication and collaboration solution. It delivers relevant information and tools to employees when and where they need them. It does this using IBM @server, IBM WebSphere, IBM Tivoli, IBM DB2®, and IBM Lotus technologies.

Learn more about the IBM On Demand Business transformation at:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac\\_sol\\_certodbsa.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac_sol_certodbsa.html)

## 2.7 Continuing with the next steps

With this information and understanding of on demand business, what do you do next to advance your client on their journey to an on demand business? Here are three simple steps to help you work with your client:

1. Work with your client to determine where they are in their approach.
  - Assess how on demand ready your clients operations are and how far they need to go.
  - Determine how to break down any siloed structures and internal or external boundaries with trading partners in the value chain.
  - Identify opportunities to outsource major components that do not hold a comparative advantage for your client. Such examples include client management, supply chain, Product Lifecycle Management (PLM) or innovation, IT management, human capital, and finance or legal.
  - Analyze how effectively your client's technology infrastructure can support on demand business requirements, such as integrated data, smart tools, or grid computing for flexibility, capacity, and efficiency.
2. Establish the on demand business focus for your client's organization.
  - For core components, develop a business case for the potential economic value that can be unlocked by making that component operate in an on demand business fashion.
  - Look for opportunities to make the transition using self-funding models.
  - Reinvest some portion of the savings from each project into the next step that moves your client's organization closer to becoming an on demand business.
3. Work with your client to seek partners that can help speed them along the way.
  - Help to evaluate your clients current partners in terms of value to their solutions, access to new markets, and ability to supply critical competencies or even contingencies. For example, access industry specialists and subject matter experts through the vast chain that is available within IBM and IBM Business Partners.
  - Use these resources to determine which partners can best adapt to your client's new on demand business operations, which may include the technology or network infrastructure, culture, or the ability to respond with speed and agility.



## Marketplace directions

“We believe we’re on the cusp of a fundamental change in computing. Trends in technology and the application of technology to the needs of business are coming together in a new era we call ‘on demand’.”

— IBM CEO Sam Palmisano

The global on demand business market opportunity is tremendous. Between 2003 and 2006, IBM estimates that total IT spending will reach \$1 trillion, of which \$750 billion represents the on demand business IT-based market opportunity.

What is driving all of this? What is happening with technology and in the marketplace to make on demand business such a lucrative opportunity? Why do our clients care? *Why now?*

### 3.1 The convergence of business and technology

Fundamentally, two converging forces are creating the enormous on demand business opportunity:

- ▶ A rapidly changing and challenging business environment
- ▶ The emergence of technologies that will enable new business designs and innovative methods of differentiation

First, the business environment is becoming increasingly dynamic in very important ways. Companies are facing enormous volatility related to open markets, global competitive and partnering environments, security threats, and regulatory exposure. These pressures are becoming increasingly powerful as the free market expands and barriers between world entities crumble.

Although we are now experiencing a global economic recovery, there continues to be enormous cost pressure across every industry. In the future, the culture of cost and expense containment will not neatly follow the ups and downs of business cycles, as it has in the past. The focus on cost will tend to persist as organizations attempt to derive business value out of greater levels of productivity rather than increased levels of resources.

In this new era of heightened competition, businesses are having to “do more with less.” Additionally, organizations have largely found that the quest for greater productivity cannot be achieved solely through incremental cost cutting. Instead, a fundamental transformation in the way that businesses are organized is required for sustained productivity enhancement.

The chart shown in Figure 3-1 from the U.S. Bureau of Labor shows the U.S. average, annual productivity growth by quarter since 2000. U.S. productivity growth has been erratic when measured on a quarterly basis. But annual productivity growth, measured from January 2000, is approximately 4%. This is double the historic rate of growth pace of 2%.

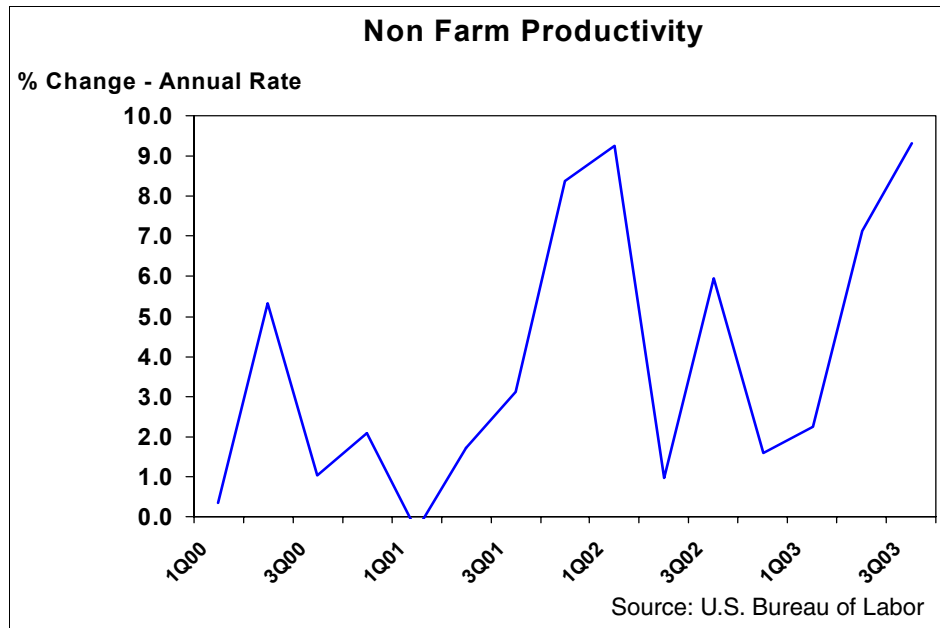


Figure 3-1 Pressure to drive productivity

Organizations that are leading the race toward hyper-productivity are emerging as clear leaders in their industries. They are focused on (and remain optimistic about) continuous improvements in the level of output that they are able to achieve relative to the resources used to produce it. It is clear that leaders in all industries will strive to use productivity as a primary driver of a sustained competitive advantage.

While volatility and the drive for productivity are permanent, important components of the business landscape, growth is also now back on the agenda for most companies. A survey of more than 500 CEOs, conducted by the IBM Institute for Business Value over the last six months of 2003, highlights that the return of growth is first on the minds of business leaders. The need to drive new *growth through new innovation* was among the focus areas that were identified by the CEOs. Following this was the requirement for greater agility and speed in responding to market challenges and the needs of clients.

The second major force at work that is driving the on demand era is the emergence of technologies that have enabled companies to support their businesses operations in ways that were never previously imagined. For instance, open standards are finally emerging to enable easier connectivity of networks, systems, data, and applications. Technology is also enabling the

critical objectives of modern business, increasing productivity by “doing more with less” and growing through innovation.

Open standards and the unbridled growth of open development communities around the world are expanding the boundaries of what IT can achieve. Open development and deployment platforms (such as Linux and Java™-based WebSphere) are lowering the total cost of ownership of technology resources and contributing to the productivity boom. Furthermore, common protocols for networks, data, distributed computing, and applications are emerging to allow new levels of integration and collaboration with clients, partners, and employees. This results in such technology concepts as Web Services and Grid Services. Linux, Java, Grid, Web Services, and the *service-oriented architectures* (SOAs) that they make possible are becoming extremely important in achieving greater business interconnectivity and flexibility.

Concurrent with the emergence of open standards and technologies, there have been increasingly rapid advances in microprocessor, wireless networking, storage, and even global positioning technologies at lower costs. Also, new virtualization technologies allow distinctly simplified management of rapidly expanding computing, networking, and storage infrastructures. This in turn drives significantly improved resource utilization, pervasive security, and increased levels of autonomic capabilities. In many instances, these technologies are now available in variable or “utility-like” forms of delivery.

The result of all of this is incredible innovation in the application of technology to meet business objectives and challenges. Breakthrough applications are burgeoning in virtually every industry. Such examples include RFID in consumer products, touchless fabrication in electronics manufacturing, and file sharing in the media publishing industry to name a few. The technology is being applied in ways and on a scale that were impossible or financially prohibitive until now.

More than any single development, the convergence of business and technology (as shown in Figure 3-2) creates the opportunity to drive both innovation and productivity, without sacrificing either. That convergence has enabled the emergence of on demand business.

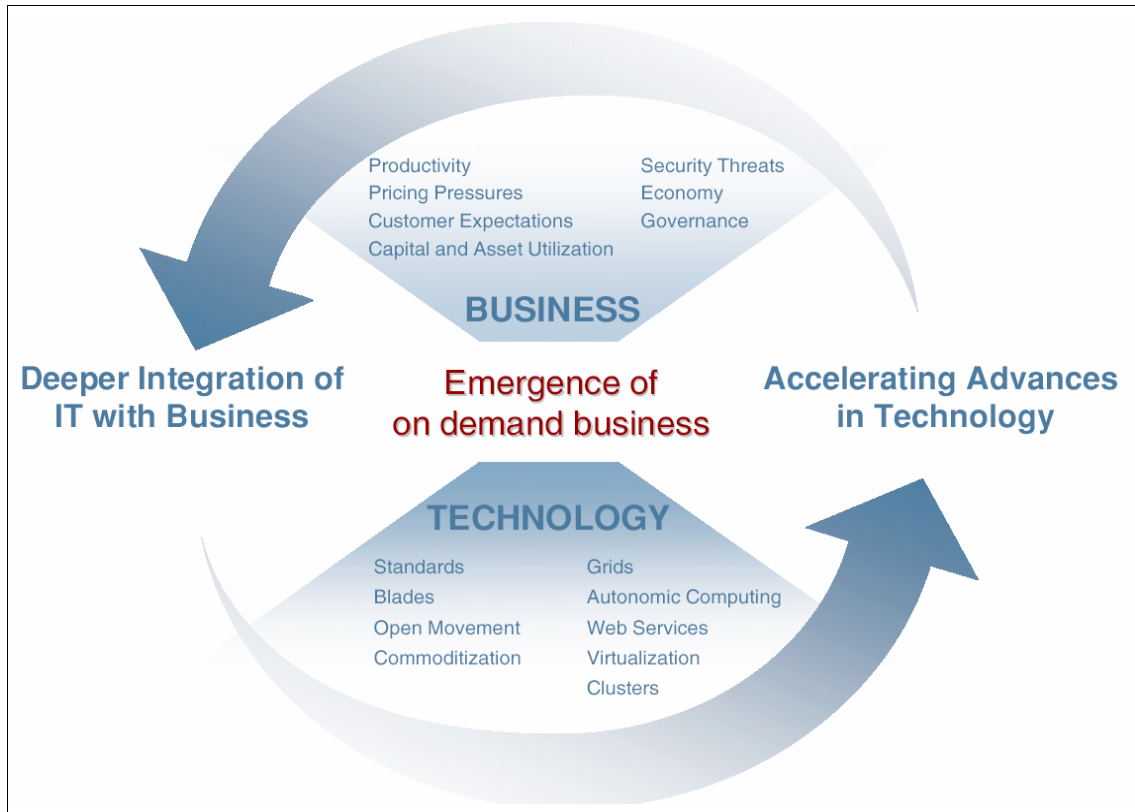


Figure 3-2 The convergence of business and technology

## 3.2 The four unstoppable drivers

We are clearly in a new era marked by volatility and intense global competition, which places tremendous financial pressure and higher degrees of risk on enterprises. As a result, businesses have an urgent need to adapt quickly to life in this new era and the market reality that they now face.

On demand business offers incredible promise in this regard. But it is important to first understand the market forces that are compelling businesses to transform their fundamental organizations, relationships, and processes.

Recognizing this, IBM has identified four “unstoppable drivers” that are propelling the *On Demand Business imperative*:

- ▶ Continuous change
- ▶ Rigorous competition
- ▶ Unrelenting financial pressures
- ▶ Unpredictable threats

Figure 3-3 explains each of these drivers.

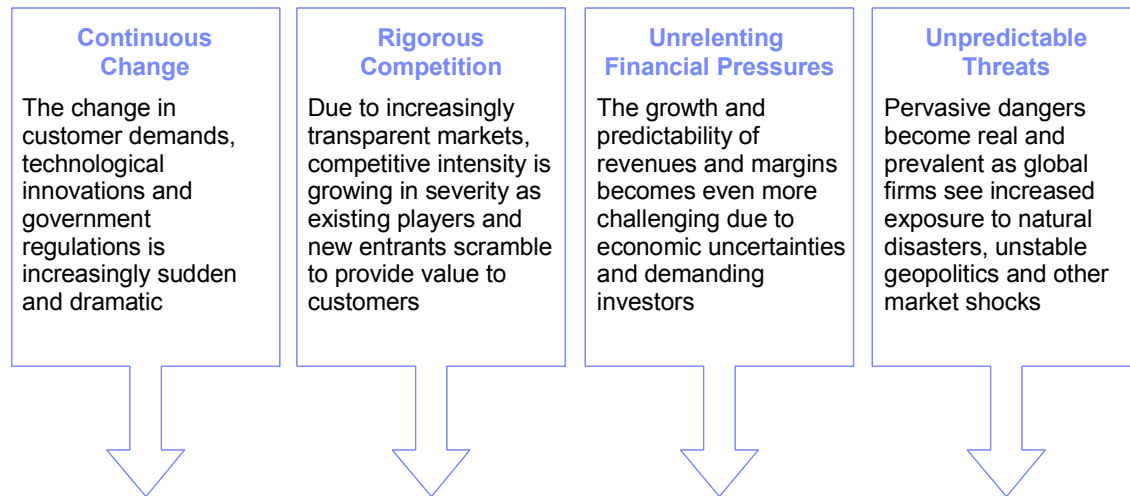


Figure 3-3 Unstoppable drivers that are creating a new market reality

### 3.2.1 Continuous change

The pace of change is not constant. Notwithstanding the recent economic slowdown and subsequent recovery, change continues to gather speed, affecting virtually every aspect of business. Technology innovation is accelerating exponentially not only in processing power, but also in areas such as storage and connectivity. This innovation continually expands the realm of what is possible.

Consumers are embracing new technologies faster in each successive wave of adoption. Businesses now compete in an era where real-time information is available pervasively, allowing clients and competitors to adjust their behavior at ever increasing speeds. Further, due to the interconnectivity of world markets, any disruption—whether it’s regulatory, sovereign, terrorism, or disaster related—produces wide ranging shocks and ripples that may have persistent affects on the business environment.

As organizations find that competitive advantages are harder to sustain, they are compelled to respond to market changes more dynamically than in the past. This results in shorter, but more frequent business cycles across industries. In some cases, the balance of power in an entire sector or industry can be upset or reversed in an extremely short time frame. This power shift has happened in the consumer goods industry. Here, large retailers now clearly have a tremendous influence on their consumer packaged goods suppliers. They have forced efficiencies and automation back through the entire value chain to drive out every possible cost. The suppliers have no choice but to respond quickly.

### **3.2.2 Rigorous competition**

The competitive environment that businesses are facing is becoming remarkably intense. Both new and established players struggle to provide value to clients in increasingly transparent markets. These are markets in which large amounts of relevant data, such as product pricing, features, quality, trusted ratings, etc., are available, with minimal cost, in real-time to clients, competitors, and suppliers.

Clients are armed with greater information and more choices than ever before. They have raised their expectations in terms of low prices, increased service levels, and higher-quality products.

Both traditional and emergent competitors, in pursuit of elusive growth opportunities, are seeking to:

- ▶ Expand market share
- ▶ Enter new geographic, product, and demographic markets
- ▶ Change the way that their markets are defined

The globalization of business services, in addition to traditional manufacturing activities, further intensifies competition as enterprises exploit global scale and cost disparities at an ever-increasing rate. As evidence of this trend, the total amount of world exports grew 82% in the decade between 1990 and 2000.

These factors, combined with a litany of conflicting and changing local, country, regional, and global regulations, have created the most challenging and complex competitive business environment in recent years.

### **3.2.3 Unrelenting financial pressures**

Growing the aggregate value of an enterprise consistently over time is extremely difficult as top line growth tends to slow, profit margins are squeezed, and informed investors increasingly regard business performance with cynicism. Higher levels of competition and fluctuating demand have produced an environment of reduced margins and rates of return. For example, the U.S.

consumer product goods industry saw its median rate of return fall from 9.6% in 1997 to 7.4% in 2001, according to the report *Consumer Packaged Goods: Industry Financial Performance '02* from Swander Pace & Company.

**Note:** For details about the report *Consumer Packaged Goods: Industry Financial Performance '02* from Swander Pace & Company (now under Kurt Salmon Associates) from December 2002, see:

<http://www.kurtsalmon.com/index2.html>

More and more investors face tenuous performance of financial markets, a few but well publicized corporate scandals, closer scrutiny by auditing firms that are under pressure themselves, and a large number of bankruptcies. Because of this, investors now demand rigorous financial and managerial performance.

To return to and sustain bona fide profit levels, companies turn to cost cutting and process performance enhancement. However, they are finding that profit enhancement solely through productivity improvements is not enough. To create new, long-term value for shareholders, companies need to grow revenue at a higher rate than that of the overall market. They must do so with financial transparency (for example, with complete disclosure to shareholders and regulatory bodies), predictable results, and reputable management standards.

### 3.2.4 Unpredictable threats

Risks to business performance and continuity are becoming more widespread as companies are exposed to larger, damaging shocks to their competitive and operating environments. Any unexpected outbreak of geopolitical instability produces a threat to businesses that are globally integrated. As a result, companies must be prepared for risks associated with terrorism, military actions, legal decisions, political actions, or regulatory mandates in every country (region) in which they operate. Other dangers, such as computer viruses or network hacking, may at a minimum disrupt business operations, or worse, place client or employee security and privacy at risk.

Natural disasters, though not unique to the on demand era, have the ability to threaten business operations or even shut down an entire industry supply chain without warning. As seen recently, unexpected dangers can emerge quickly and have far-reaching consequences. For example, Severe Acute Respiratory Syndrome (SARS) emerged in Asia in late 2002 as an isolated illness with flu-like symptoms. By May 2003, the World Health Organization (WHO) had issued travel advisories restricting travel to People's Republic of China, China (Hong Kong S.A.R.), Singapore, Taiwan, and Toronto, Canada. As a result, Pacific Rim countries (regions) scaled back their 2003 economic growth forecasts, and airline traffic to the region plummeted.

Organizations that operate with traditional approaches may not be able to compete effectively in such an intense business environment. Something else is required, because simply anticipating known risks is insufficient. Businesses need to have safeguards in place against unimaginable threats. More importantly, companies must build sufficient flexibility to react quickly to the unimaginable when it happens.

### 3.3 The On Demand Business response

The market forces that businesses now face are not entirely new, but they are more intense and dynamic than ever before. The emergence of technology that is unequivocally open, flexible, and integrated is allowing for a response that is equally intense and dynamic. Businesses are now finding that it is possible to form organizations that process and support technology that can cope effectively with the four unstoppable drivers of continuous change, rigorous competition, unrelenting financial pressures, and unpredictable threats.

Companies that adhere to traditional approaches and responses may be left behind. Meanwhile their competitors will adapt more successfully to their common environment by mastering the four dimensions of being *responsive*, *focused*, *variable*, and *resilient*. IBM refers to them as the *On Demand Business imperatives*, which are further described in Figure 3-4.

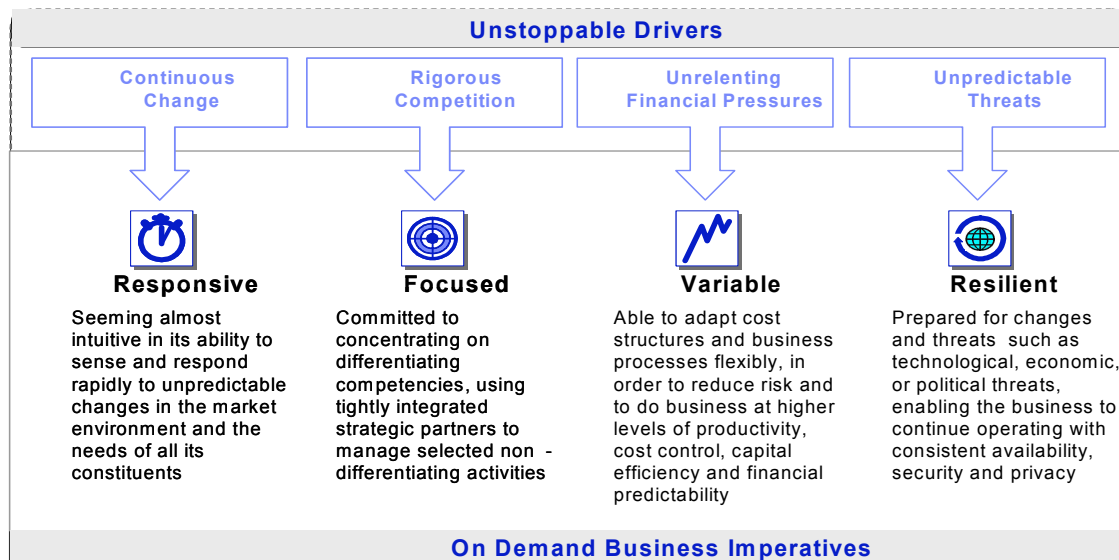


Figure 3-4 The on demand business response to the unstoppable drivers

### **3.3.1 Responsive**

Companies that have reached a high degree of on demand business maturity have the ability to sense and respond quickly to unforeseen changes in their business environment. This requires an organization that closely monitors shifts in consumer behavior, competitor activity, labor conditions, supply constraints, regulatory change, and other market events.

Responsiveness is not simply having the capability to produce information that is accurate, real time, and actionable across the enterprise. It also means having the capability to adjust forecasts, pricing, manufacturing, and purchase decisions immediately. Responsive companies have the ability to customize offerings to fit specific client needs, without sacrificing the ability to offer a low price. Not surprisingly, responsive companies build flexible and high performing organizational structures and processes that strive to attain best practice benchmarks and encourage continuous adaptation.

Responsiveness helps companies gain an advantage when faced with continuous change by enabling them to align their behavior to changing market conditions better than their traditionally-minded competitors possibly can. This drives market share and increased margins. Responsiveness also facilitates optimal capital utilization. In doing so, it reduces inventory requirements and limits capital expenditure to support products or markets that are unprofitable. It also manages risk by keeping key business decisions synchronized with changing market requirements.

### **3.3.2 Focused**

Focused businesses concentrate on differentiating those aspects of their business models that matter most to their success. They typically rely on a tightly integrated network of business partners to manage non-differentiated activities.

Focus requires understanding how the market is likely to evolve and what the company's role within it. It requires a clearly defined value proposition for clients and stakeholders, along with an understanding of where the company can gain long-term comparative advantage. Focus also means putting the responsibility for non-differentiating business model components in the hands of external specialists. These specialists can bring scale and scope efficiencies, as well as higher-quality service, often at a lower cost than can be accomplished internally.

What to focus on is determined by such factors as industry maturity, past company success, available future competencies, tacit and tangible knowledge, and competitors' strengths. For instance, some companies focus on client-oriented activities such as brand building and relationship management. They emphasize such areas as marketing, sales, and client support that can help

differentiate them. Other companies have a strong focus on production and stress such areas as procurement, manufacturing, and logistics.

These two roles are complementary. For example, Solectron, a leading provider of electronics manufacturing services, focuses on production, Supply Chain Management (SCM), and product lifecycle services. As a result, Solectron now manufactures the products of major brand-focused companies such as IBM, Microsoft, NEC, and HP.

As part of the strategic decisions pertaining to focus, on demand firms also look for opportunities to out-task many support functions that have traditionally been managed in-house. Rather than trying to be best-in-class across all areas of the business, companies are discovering that they can improve the performance of such support functions as information technology infrastructure, human resources administration, client service, and finance. They accomplish such enhancements by turning to third parties who focus on these areas.

Focus helps companies create value in an environment that is plagued by rigorous competition. It keeps investments directed toward select areas that help sustain comparative advantage. This prevents the spreading of resources thin across activities that could be better accomplished by specialized external providers.

Focus helps companies grow revenues by taking market share from traditional competitors who aren't providing clients the value they expect and by concentrating on emerging products and market areas. It improves margins by reducing operational costs, withdrawing from products and markets with low profitability, and targeting areas with the highest profit potential. It also optimizes the use of capital by decreasing ownership of non-differentiating assets and reducing the working capital requirements of remaining activities.

### **3.3.3 Variable**

On demand companies can flex cost structures and business processes to reduce the impact of financial and business volatility. Variability means having the ability to increase or decrease production quickly as market requirements dictate, on a cost-effective basis.

Variability is about having on demand business external providers that help take the "fixed" out of fixed costs through variable pricing and supply. These providers execute similar activities for many other parties around the world. Therefore, they are much better placed to offset swings in demand across various industries. This enables them to provide flexible supply at a lower cost.

Variability helps accelerate value realization in a world of unrelenting financial pressures. It helps to reduce risk and conduct business at higher levels of productivity, cost control, capital efficiency, and financial predictability.

Variability also helps to grow revenues by having infrastructure ready (but not necessarily on the balance sheet). This enables the business to consistently meet demand volumes and avoid the awkward position of having to forego a new product or market opportunity. It improves margins by reducing fixed costs. This allows the company to pay only for actual use, not availability, and reduce costs across all levels of volume, especially lower levels. Variability reduces capital requirements by leveraging the capacity of external providers and optimizes working capital by creating more flexible internal capabilities.

Most importantly, variability manages risk by reducing investments in inefficient assets. This potentially reduces the company's debt burden by decreasing the need to finance new assets and driving greater financial predictability.

### **3.3.4 Resilient**

On demand businesses can withstand business shocks in a global market. They are prepared for changes and technological, economic, natural, or political threats. And they can continue operating with consistent availability, privacy, and security features. Resilience requires a commitment to plan and prepare for potential shocks that could impact the business in any location in which it operates globally. Testing helps determine the firm's limits and identify areas of weakness.

Resilience means having the ability to safeguard human, physical, and virtual assets. It is about protecting the privacy of employee, supplier, provider, and client information. It builds redundancy in key parts of the operational model to help ensure continuity. And it determines whether external partners are also prepared for changes and threats.

Resilience provides value where many unpredictable threats exist. It finds ways to avoid or lessen the economic consequences of potential business disruptions. It also position the organization favorably against less resilient competitors.

Resilience helps to grow revenues. It does this by keeping the business constantly available to clients and allowing the company to gain market share while competitors recover from external shocks. It improves margins by reducing recovery costs through "self-healing" capabilities and potentially receiving price premiums from clients for non-stop availability.

Resilience also helps manage risk. In doing so, it reduces business disruptions, provides greater predictability in performance, and uses external specialists who increase overall resilience through their scale and distributed capabilities.

## **3.4 On demand business industry examples**

On demand business stands at the heart of a powerful fusion of breakthrough technologies and deeper IT integration with business processes. It allows companies to achieve much higher levels of innovation and productivity. IBM is exploring, along with our clients, what-if scenarios that would have been science fiction just a short time ago. Entire industries are being transformed. The following sections illustrate just such examples.

### **3.4.1 On demand business in electronics**

Founded in 1980, LAM Research Corporation is recognized as a leading supplier of wafer fabrication equipment to the global semiconductor industry. Increasing volatility and consolidation in the electronics industry means that all participants need to reduce high and inflexible cost structures and focus more on core competencies. Accordingly, LAM wanted to create virtual and variabilized operations that allowed them to focus on their differentiating activities to invest more in activities that drive value.

LAM began by performing an on demand business assessment to understand sources of competitive advantage. IBM Business Consulting Services (BCS) helped them to create a virtual and variable operational model with a combination of using external, specialist partners in non-differentiating areas, and IBM On Demand Business infrastructure solutions. LAM was able to shift a significant proportion of costs to variable status, using external specialists, and to reinvest in its core business. The result has been extraordinary, as noted in the article “Why IBM Called In The Consultants”, in the 16 February 2004, issue of *BusinessWeek*.

The solution entailed acquiring IBM to manage LAM's technology infrastructure, allowing LAM to pay for computing services only as necessary. Since implementing this change, LAM increased quarterly revenues (in 2003 achieved a 50% increase over 2001 revenues) and turned a profit.

### **3.4.2 On demand business in banking**

Breaking new ground in an area that has remained virtually unchanged for years, Viewpointe Archive Services was conceived with the goal of providing leading financial institutions with an innovative, online archiving repository for storing,

accessing, retrieving and sharing check and document images. Viewpointe's service is based on a pay-as-you-go model, so banks only pay for what they use, enabling them to improve efficiency, save money and provide better services for their own clients, including enhanced fraud protection. As such, Viewpointe is driving a fundamental transformation of a core banking process and giving it a whole new image.

Even though online bill paying services have increased significantly, bank clients have remained loyal to personalized checks, writing approximately 50 billion of them each year. So finding new ways of reducing check processing costs and reducing the sheer manual effort and time involved has become an industry holy grail. Viewpointe wanted to shift its business to a pay-as-you-go model and sought a technology partner to underpin its business which was capable of delivering a reliable and secure check imaging service.

IBM is providing Viewpointe with a storage solution designed to support exponential growth, projected at 12 to 15 petabytes of data. (A petabyte equals a thousand terabytes or a million gigabytes!) Viewpointe's flexible infrastructure from IBM enables it to use only the storage resources it needs. But as its requirements grow, it can quickly and easily expand archive capacity. This removes the large up front costs that could have prevented its business taking off in the first place and giving it precise control over the pace of growth.

Checks are now processed once and the image is shared by both the receiving and issuing banks, reducing associated operating costs by one-third. The solution lets Viewpointe reduce risk and deliver high performance and reliability to clients, respond fast to bank needs, and reduce the costs and errors associated with manual processing.

### **3.4.3 On demand business in consumer products**

With more than 100 years of experience, McCormick is the global leader in the manufacturing, marketing, and distribution of spices, seasonings, and flavorings. The company has set aggressive sales growth and increased profitability as its primary goals, and is leveraging its strong brand identity and market leadership to attain them.

Despite its strong market position, McCormick ran its core operations on outdated, fragmented technology systems. Overseeing multiple platforms, finding support for aging technology, and managing backups manually were slowing the company's responsiveness to changing client demands and taxing its resources. To enhance its operational resiliency and become more responsive to clients, McCormick needed to integrate its core systems. They needed to rebuild them to support streamlined and automated business processes across the enterprise.

Legacy hardware and software platforms were replaced with newer, more responsive technology. Manual data backups were automated, making the process less labor-intensive and costly. And the applications required for the month-end closing of the books were aligned with one another to speed and simplify the process.

IBM @server pSeries 660 systems running IBM DB2® information management software supports McCormick's new SAP system, while IBM Tivoli® Storage Manager provides automatic backup and restore capabilities to enable near-constant availability. The company's powerful IBM-based infrastructure supports streamlined business processes, including order processing, sales, inventory management, and forecasting throughout the enterprise.

### **3.4.4 On demand business in retail**

Mikasa, a fine china and dinnerware retailer, needed to build communication across its enterprise as part of a drive to provide a more convenient Web-based shopping experience for clients. Mikasa chose IBM to integrate its online store with its back-end systems to make search and purchase functions more efficient and reliable. The quick addition of updated Web-site features, such as a gift registry, was an added benefit.

Mikasa's lack of integration between its online store and back-end systems, such as order processing, made for a clumsy online store and potentially poor client experience, a recipe for disaster. By integrating these systems, Mikasa's clients can see the inventory that is available at any given time and place an order, which is processed automatically, rather than being re-keyed by Mikasa staff.

Citing stability, quick response time, and reliability, Mikasa chose IBM WebSphere software, including WebSphere Commerce, Commerce Studio, Applications Server, Studio Application Developer, and IBM DB2 to build a new Web site. IBM @server iSeries and IBM Intel®-processor-based servers were chosen to host it. IBM Business Partner Pulver Technologies was tapped to build a fully integrated solution, which was delivered in only 12 weeks.

Mikasa's new inventory tracking system has let the company expand the number of products available to clients online, increasing the number of SKUs from just 400 to over 20,000. Furthermore, orders are now processed immediately, improving order accuracy and cutting order processing costs. The new Web site also features a gift registry linked to both the online store and point-of-sale terminals in Mikasa's 167 retail outlets, giving clients added flexibility to shop wherever they want.





## Client relationships

“... Listen to the client. Create value for the client and their operations..... Innovation. Understanding in depth the clients issues, adapting all the capabilities from IBM and creating solutions.”

—Sam Palmisano, Chairman and Chief Executive Officer, World Wide Employee Broadcast, 12 January 2004

The importance of a good client relationship is paramount. Consider these findings from a recent survey of corporate executives:

- ▶ Of the clients who leave, 68% do so because of poor client service.
- ▶ Every unhappy client tells at least seven other people they know, but less than 5% of your unhappy clients will complain to you and let you know what's wrong.
- ▶ It costs six times as much to acquire a new client than to keep an existing one.
- ▶ Of the executives who were surveyed, 87% believe that good client service is no longer enough. Clients want an unprecedented level of speed, service, quality, and information, what IBM calls *On Demand Business*.

The on demand business journey involves change, and change is usually unsettling to any client. Therefore, your relationship with your client is of utmost

importance. Your client needs someone they can trust as they evolve into an on demand business.

## 4.1 Understanding the client

While each client is different, each one strives to meet two strategic imperatives. The first imperative, innovating the business, focuses on ways to differentiate and capture new value. Explore answers to the following questions when working with a client to help them achieve this goal:

- ▶ What is the business continuity and infrastructure availability?
- ▶ How does the client drive business innovation and improve speed to market and delivery of new products and services?
- ▶ What are the considerations to enhance oversights in addressing regulatory requirements?
- ▶ How does the client extract greater value from their data?
- ▶ Is the client focused on its core competencies?
- ▶ How does the client improve their clients' experience?
- ▶ How does the client simplify and streamline their core business processes?

A second imperative involves making better use of resources to be more productive. Consider the following questions as you explore how to improve employee productivity while retaining skilled employees:

- ▶ What can be done to improve operating efficiencies and increase business flexibility?
- ▶ In today's world of ever increasing threats to the business, how do we increase security and protection of information assets?
- ▶ The client has significant investments in IT. How can these be optimized? What about optimizing the value chain?
- ▶ How do we assist our clients in their need to protect the privacy of their client and employee information.
- ▶ How do we help the client report financial data more accurately?

These challenges can be addressed in a variety of ways. Clients expect a partner to come in and address whatever starting point they have identified. They seldom exclusively focus on business strategy or operating environment, and often they comprise both. Sometimes they are small, discrete challenges that are unique to the client. Understanding the importance of being open to the most appropriate client entry point, and having the ability to solve it through the alignment of client resources is critical.

## 4.2 Entry points

Those who are experienced in helping businesses become on demand would advise that you begin focusing your efforts in one of these four client areas:

- ▶ Business components
- ▶ Process integration
- ▶ Simplifying IT
- ▶ Delivery and payment

### **Business components**

Business components are bounded groups of tightly linked business activities. The defining attribute of a component is the service it provides rather than the position it occupies along a fixed sequence of steps. Instead of stages in a process, think of components as discrete nodes in a configurable value network.

Components have well-defined interfaces. Each receives inputs, adds value, and outputs the results to other components. Standardized interfaces between components allow executives to snap them in and out like plastic blocks. With components, there is no need to untangle organizational wiring or form it into a new shape.

Component business modeling provides a helpful framework that organizations can use as they think about moving toward an on demand business. Viewing the business as a network of discrete components helps managers discover where the value comes from, or does not from, within their organizations. Looking beyond linear processes can even expose hidden sources of value. When an organization must respond to a sudden change in the competitive or regulatory environment, executives will know where the key value drivers are. Then they can take immediate steps to enhance or preserve them.

Take these steps in working with your client:

1. Create a component view of your client's business.
2. Decide what is differentiating for them and what is simply operating.
3. Analyze costs.
4. Prioritize transformation initiative.

### **Process integration**

From an IT perspective, the level of integration we're describing, horizontal business integration, is much deeper than the traditional point-to-point connectivity for selected applications. In a truly on demand business, every application is linked with open standards and technologies running on open systems. The applications often use advanced technologies such as wireless, autonomic, and grid, and they seamlessly interconnect clients, suppliers, and

partners. Technology resources become virtualized and are dynamically allocated and delivered when and where they are needed, often in a variable-cost manner.

Only at this level of virtualization, integration, and automation can a business adapt immediately and sometimes even automatically to meet unpredictable market demands and crises. It has positioned itself to be an on demand business, able to respond dynamically to any kind of challenge, anywhere in the enterprise or throughout its value chain.

Focus on these activities:

- ▶ Define existing versus ideal processes.
- ▶ Model new processes across divisions and cross-company if necessary.
- ▶ Create necessary new components.

## **Simplifying IT**

The on demand business transformation aids clients in simplifying their organizations' strategy, processes, technology, and culture by applying deep business process insight with advanced technologies. The resulting dynamic link between business and technology unlocks business potential and creates shareholder value.

Work with your client to accomplish these tasks:

- ▶ Customize and integrate components of horizontal processes.
- ▶ Simplify underlying infrastructure using a modular, standards-based approach.
- ▶ Build an autonomic policy and features.

## **Delivery and payment**

Times have changed so that clients are no longer willing to continually invest in computing resource simply to keep pace with changing technology. Today, IT spending must be able to show a proven business benefit. You can help your clients better align their IT resources and spending with business requirements. They can access infrastructure, applications, and business processes based on their needs, with the flexibility to scale up or down. By purchasing IT capabilities as a service, clients enjoy flexible pricing based on usage.

Consider these options:

- ▶ Choose from on- and off-premise delivery models based on who can best provide the service that is required.
- ▶ Select financial options that support your client's business case.

## 4.3 Qualifying questions

Ultimately, becoming an on demand business enables leaders to see and manage their company as an integrated whole. This transformation requires more than attaining operational efficiency.

When working with your clients, ask the following questions. The answers to these questions will help you to qualify your clients and to assess their most critical needs.

- ▶ Do you spend a larger percentage of your technology management budget on maintenance, rather than creating new capabilities?
- ▶ Do you need to improve your ability to sense and shape demand to match capacity in real-time?
- ▶ Do you have a fragmented view of customer data and, therefore, are unable to anticipate and respond to customer issues?
- ▶ Are you unable to meet earnings goals if revenue declines?
- ▶ Do you spend a majority of finance time and cost on reporting and transaction processing, rather than on strategic issues?
- ▶ Do you have difficulty matching work to people and people to work without a time lag?

These are all critical questions. If your client answers *yes* to one or more of them, they are a candidate to move forward on their journey to an on demand business.

## 4.4 Business areas to explore

If your client decides to move forward to on demand business, the next step is to determine which business area or areas are the best candidates for beginning. The following sections provide questions to help you assess your client's on demand business readiness within several key business areas. Any question with a *no* response identifies a potential opportunity for on demand business. It also provides you with an opening for a discussion with the client.

### Client management

Client management addresses all interactions between your client and their clients. Ask your client the following questions about this business area:

- ▶ Can you sense and shape demand to match capacity in real time?
- ▶ Can you anticipate and respond to issues and situations before your customers do?

- ▶ Can you connect at any time, anywhere and receive the same quality of service (for example, real-time views of Bill of Materials, order status, shipping status, returns, issue resolution, etc.)?
- ▶ Is it possible to generate a complete view of customer data anytime, anywhere and from anyone?

## **Supply Chain Management**

The supply chain looks at all activity between the clients and their suppliers. Ask these questions about supply chain issues:

- ▶ Does response time down the supply chain keep up with demand (supplier to line)?
- ▶ Is your sourcing and manufacturing strategy organized around solutions, rather than product components?
- ▶ Can you anticipate capacity or supply issues assess impacts of decisions and flex the extended and global supply chain within 24 hours as necessary?
- ▶ Are your operations autonomic, meaning that they can function in a hands off, lights out mode?
- ▶ Can the extended manufacturing chain vary capacity to meet new build requirements simultaneously and instantaneously, working virtually as one factory?
- ▶ Do you have visibility into shipments at any point in the extended chain at anytime, and can you make changes in real time?

## **Product or service lifecycle management**

Product Lifecycle Management (PLM) tracks all activities about a product or service from the initial creation of the product through its obsolescence. Ask your client the following questions about this business area:

- ▶ Are you consistently first into a profitable market?
- ▶ Do you deliver solutions, and not just products?
- ▶ Do you have the economies of scale to deliver the best engineering design capabilities in the industry, or do you buy the services?
- ▶ Can you vary the level of engineering skills and capacity to match your exact needs, no more, no less?
- ▶ Can you flexibly manage engineering resources from anywhere at anytime?
- ▶ Do you have the ability to virtualize design infrastructure to minimize capital investment?

## Technology management

Technology management focuses on the use of and spending for information technology to support the business. Ask your client the following questions about this business area:

- ▶ Do you spend 60% of your budget on creating new capabilities and 40% on maintenance?
- ▶ Do you spend 80% of your time exploring ways to increase investments in technology and 20% determining how to manage costs?
- ▶ Is your IT infrastructure open, autonomic, virtualized, and integrated?
- ▶ Is IT viewed as a business partner, and not a necessary evil?
- ▶ Does your IT organization have a goal of creating business value?

## Human capital management

Human capital management involves managing and supporting the employee base across the organization. Ask your client these questions about this business area:

- ▶ Do organizational boundaries (boxes, levels, and lines on organization charts) matter more than skills, projects, and relationships?
- ▶ Can you extract the value of the employee matrix?
- ▶ Can you align individual and organizational performance metrics to business objectives autonomically, as dynamics change?
- ▶ Can you match work to people and people to work without a time lag?

## Finance and legal

The finance and legal considerations cover fiscal responsibility along with all required reporting regulations such as Basel II regulations. Ask your client the following questions about this business area:

- ▶ Can you manage volatility within the quarter?
- ▶ Can you meet earnings goals even when revenue declines (expense adjusts to revenue within the same quarter)?
- ▶ Does the CEO have instant visibility into performance indicators for all aspects of the business anywhere in the world?
- ▶ Are your financial systems so resilient that investors can trust your numbers, regardless of who the auditors are?
- ▶ Can you achieve a profit to expense ratio (PE) increase of 20% to 25% as a result of decreased profit volatility?

- ▶ Do you spend 80% of finance time and cost on strategic issues and only 20% on reporting and transaction processing?
- ▶ Are your finance costs at 0.25% of revenues because you use global resources and automation?

## 4.5 Responding to client questions, concerns about On Demand Business

After you identify potential opportunities to pursue, talk with your client about their journey to on demand business. They may not be as open to on demand business as you would expect, and they may have objections to or questions about the IBM On Demand Business reality.

Your client may ask, “Is on demand business about technology or business strategy?”

The best way to respond to this question is to explain that this is not a choice between technology and business. On demand business is about both of these things. At its heart is the point at which new technologies and business models intersect to unleash new capabilities and client experiences within an industry.

To do this, clients need value partners who can fuse business models, business process, and technology visions into one view of what it takes to enable a company to compete more effectively in the on demand business world.

Another concern you may hear is, “Does on demand business require that I overhaul everything in one vast project?”

Becoming an on demand business occur via enormous, all encompassing enterprise projects that were prevalent in the 1990s. Today, roadmaps are available that guide a business’ journey to on demand business. These roadmaps can be segmented into flexible, manageable chunks that suit each client’s particular situation. For information about the on demand business roadmap, see 8.4.7, “Following the On Demand Business roadmap” on page 110.

One of the best ways to further discussions with your client is to discuss the on demand business value proposition. It is straightforward and something that clients can readily understand it.

The on demand business value proposition targets businesses and organizations that seeking to succeed in the on demand business world. IBM and our Business Partners offer industry-specific experience in combining business process knowledge and technology through flexible options that enable clients to make

better use of their resources. The results are in the highly productive companies that innovate to differentiate and capture new value. See Chapter 6, “The On Demand Business value proposition” on page 71, for more information.

Only IBM and our Business Partners, with our end-to-end capabilities, can help you and your client develop a customized roadmap, focused on the needs of the business in the context of their industry. It starts from the point that is right for them, for example from a single technology purchase through an enterprise transformation. This starting point provides them with both intermediate return and long-term value to help them become an on demand business.

Part of client relations is learning what to sell. By understanding the client and their needs, you can begin to look in the various selling options. Three areas can bring together the best of what IBM and IBM Business Partners can offer in an integrated fashion to address the key types of changes a client needs to consider. These areas are:

- ▶ **Business Transformation (BT):** The transformation of an organization’s strategy, processes, technology, and culture to increase business productivity and enable flexible growth. True business transformation can be achieved only by effectively bringing together deep business process insight, advanced technologies, and cultural change.
- ▶ **On Demand Operating Environment:** A set of capabilities organized in a way that allows clients to enable business transformation through new business design. The design of an On Demand Operating Environment must match the design of the business itself. The infrastructure must evolve from silos of complex, over-provisioned, proprietary hardware and software. It must become a standards-based infrastructure where capacity can be optimized across the entire organization.
- ▶ **Flexible Financial and Delivery Offerings (FFDO):** A way to purchase IT capabilities as a service, which allows clients to benefit from flexible pricing based on usage. These offerings help your clients better align their IT resources and spending with business requirements. They can access infrastructure, applications, and business processes based on their needs, with the flexibility to scale up or down.

Client relations can be strongly solidified around these areas. The information in the chapters that follow describes each of these areas in further detail.





## On demand business breakthrough

IBM has developed a multi-pronged approach to use when developing solutions for On Demand Business that will lead to on demand business breakthroughs for your clients. Few clients are prepared to make an immediate, wholesale move to being an on demand business. Most proceed incrementally, choosing to focus on their specifics.

As shown in Figure 2-5 on page 17, you can help your client enter the on demand business world in the areas of Business Transformation or the On Demand Operating Environment. Supporting both entry points are the IBM Flexible Financial and Delivery Offerings (FFDO).

If you choose the business transformation area, you will help your client:

- ▶ Start with a component business model
- ▶ Define their priority business component
- ▶ Assess underlying application and infrastructure assets
- ▶ Implement integrated business processes, and new operating and ownership approaches
- ▶ Generate savings and reinvest them in more innovation

If you choose the operating environment path, you will help your client:

- ▶ Define their priority among integration, automation, or virtualization
- ▶ Commit to open standards, infrastructure simplification, and business process management
- ▶ Enable a priority business process
- ▶ Generate savings and reinvest them to generate additional cost savings, or free up resources for innovation

## 5.1 Business transformation

The business transformation provides proven methodologies and expertise to help clients develop a business design that will yield higher returns. The methodologies are based on research and experience, focusing on each industry and the technology capabilities. Business transformation helps to lay out a practical roadmap for how a client can become more of an on demand business.

Business transformation is about identifying areas of differentiation where your clients can create growth, reduce costs, or both. It helps to determine how the client needs to adapt and change its business processes to accomplish its goals. IBM has made significant advances in the area of component business models, taking the component notion from generic to industry specific, and from conceptual to highly practical and operational.

To help your clients rise to this new level in their business transformation, leverage IBM's industry process integration capabilities with cross-industry business applications to help clients become more:

- ▶ *Responsive*: Capable of sensing changes in the environment (fluctuations in supply or demand; emerging client, supplier, partner and employee needs; or unexpected moves by the competition) and responding dynamically
- ▶ *Variable*: Able to adapt cost structures and business processes flexibly, to reduce risk, and to drive business performance at higher levels of productivity, cost control, capital efficiency, and flexible predictability
- ▶ *Focused*: Committed to concentrating on core competencies and differentiating tasks and assets, using tightly integrated strategic partners to manage tasks ranging from manufacturing, logistics, and fulfillment, to human resources (HR) and financial operations
- ▶ *Resilient*: Prepared for changes from threats, from computer viruses to earthquakes, as well as sudden spikes in demand

### 5.1.1 Business direction

Business transformation can happen for a single business process, an entire organization, or an organization's value net. True business transformation requires:

- ▶ A deep understanding of the issues, challenges, and pain points that are facing executives in a given industry
- ▶ An in-depth knowledge of how the business process functions in an on demand business environment (for example, metrics, measurements, and workflow), the technology needed to enable it, and the types of cultural changes necessary to make it effective
- ▶ A significant reason for change, often either a visionary CEO or a severe competitive or marketplace threat

Business transformation can only happen when the organization has a partner whom it can trust to help transform the processes and capabilities that are at the core of its operations.

The corporate embrace of on demand business began in the late 1990s. Using Internet-based technologies (for example, Hypertext Markup Language (HTML), browsers, Transmission Control Protocol/Internet Protocol (TCP/IP)) and a growing range of applications, organizations started to connect and automate a number of traditionally stand-alone business processes. Such processes include client service, catalog publication, order entry, and transaction processing. Organizations started to publish dynamic content and create basic links with clients, business partners, and suppliers. These moves often yielded savings and efficiencies, but rarely transformed entire enterprises.

Today, on demand business provides the vision and industry insight that can enable our clients to take that next step, from process improvement to business transformation.

### 5.1.2 Making the right decisions

How does a client make this business transformation happen? What are the necessary steps and actions?

Today, IT enablement and business strategy are one. No longer are IT systems and strategic planning separately managed service offerings. Clients undertaking business transformation require consulting partners who can also implement solutions.

On demand business transformation produces an enterprise that is:

- ▶ Immediately responsive to changes in demand, supply, pricing, labor, competitor moves, capital markets, and client needs
- ▶ Variable in its cost structures and process adaptation
- ▶ Focused on its unique strengths and core competencies
- ▶ Resilient and able to handle anything the world throws at it

Because an on demand business is “horizontal” or integrated across the entire business and its value chain, it needs expertise across the full spectrum of information technology, business processes, and industry-specific issues. The Solution Advisor must deliver that broad range of expertise.

There are several factors to consider when working with the client. The most common factors that drive the need for business transformation are:

- ▶ Unrealized or unspecified business vision
- ▶ Disconnected marketing, sales, and service organizations
- ▶ Costly and prolonged development cycles
- ▶ Limited market feedback loops and limited collaborative processes
- ▶ Traditional fixed cost manufacturing
- ▶ Inventory and logistics optimized by location
- ▶ High head count with most administrative responsibilities
- ▶ Flat employee productivity
- ▶ Limited management information inhibited by fragmented systems
- ▶ Low utilization and heterogeneous systems with limited integration
- ▶ Redundant infrastructure
- ▶ Declining market share
- ▶ Increasing general, administrative, and IT costs as a percent of revenue

To address these challenges, the Solution Advisor needs to work with the client to focus on:

- ▶ Innovative, results-oriented adoption of advanced technologies, complete management information accessible anytime, anywhere
- ▶ Single seamless view of the client with consistent interaction models across all channels
- ▶ Multiple real-time market feedback points linked across the organization, along with collaborative organizational tools and designs that are intelligently linked to market feedback systems
- ▶ Variable-cost manufacturing and operations
- ▶ Inventory and logistics optimized for value; margins optimized through real-time and just-in-time interaction with suppliers and vendors

- ▶ Highly flexible employee retention and management enabled by virtualized e-learning and integrated HR systems and processes
- ▶ Highly utilized, interconnected, and autonomic infrastructure, one that is self-diagnosing and self-healing

The on demand business transformation helps clients transform their organization's strategy, processes, technology, and culture by applying deep business process insight with advanced technologies. The resulting dynamic link between business and technology will unlock business potential and create shareholder value. It is best to work with senior executives in large enterprises who are looking for a dramatic improvement in business performance.

Clients see the greatest benefit as the on demand business transformation vision is created. The execution roadmaps create improved operational flexibility and responsiveness to enable increased business productivity and growth.

## 5.2 On Demand Operating Environment

An On Demand Operating Environment is more than a combination of products, a platform, or an architecture. It is an approach designed to enable the business flexibility and IT simplification that clients need to become an on demand business. IBM has learned by working with clients what it takes to create the kind of infrastructure that enables an on demand business. An On Demand Operating Environment is based on open standards so it can leverage the client's assets in their heterogeneous infrastructure.

The design of an On Demand Operating Environment must also match the design of the business itself. Proprietary software must evolve to a standards-based infrastructure that can optimize the entire organization. The operating environment must enable efficient and flexible integration of people, processes, and information to optimize operations across and beyond the enterprise. Also, it must be resilient and easy to manage.

The on demand business computing model is based on industry standards. Therefore, it can be used to define the business applications and systems at various levels: within a department, across the enterprise, or throughout an industry ecosystem. Consequently, it enables true end-to-end business process integration.

The On Demand Operating Environment looks at a set of technology capabilities that support a more flexible business design and simplifies the IT infrastructure. Our solutions leverage existing assets, enable integration, and match the infrastructure design to the business design.

Businesses continue to look for ways to overcome new and existing challenges. They develop new strategies, look for ways to innovate, drive increases in productivity, and evaluate their organizational structure and corporate culture. They may also evaluate their IT needs and existing technology to determine how to create business flexibility and optimize the IT infrastructure.

In pursuit of achieving their business objectives, companies face four main challenges today:

- ▶ Continuous change
- ▶ Rigorous competition
- ▶ Financial pressures
- ▶ Unpredictable threats

These challenges require new levels of business flexibility resulting in component-based business models that lead to greater flexibility. These business models reside on horizontal end-to-end business processes that are built to change as the needs of the business change. The new imperative for IT is to support these business designs with a services-oriented IT infrastructure.

In support of the business models, clients need corresponding IT flexibility. This is an evolved infrastructure to support changing business needs, component-based applications that support horizontal processes, the automation and virtualization of resources, and business performance management.

Obtaining a technology infrastructure that supports a company's on demand business initiatives involves an evolutionary approach. In this approach, existing technologies deployed today within client environments can be used to extract immediate value and benefits to the business. We call this technology infrastructure an *On Demand Operating Environment*.

An On Demand Operating Environment is a set of capabilities organized in a way that allows clients to enable business transformation through new business design. It is not a single product, a brand, a platform, or architecture.

The design of an On Demand Operating Environment must match the design of the business itself. For more and more flexibility and componentization to be achieved in the business design, the infrastructure must evolve from silos of complex, over-provisioned, proprietary hardware and software. It must evolve to a standards-based infrastructure where capacity can be optimized across the entire organization.

## 5.2.1 Operating environment principles

Advances in technology and standards are eliminating barriers that historically resulted in IT being a barrier for companies to overcome these business challenges through a services model. What has changed?

First, standards for creating services and allowing them to communicate have evolved and are agreed to by major vendors in the industry. With major vendors in agreement and providing broad industry support, interoperability moves beyond simple connectivity toward business-level interoperability. Second, infrastructure to support self defined, loosely-coupled services has emerged. Third, tools to incorporate existing assets are available. Finally, automation and virtualization solutions are available to manage the infrastructure.

This is the underlying principle for the On Demand Operating Environment. It is based on a *service-oriented architecture* (SOA) that allows applications, processes, and defined components to be mixed and matched at will. Through an SOA, the On Demand Operating Environment supports end-to-end business processes and enables complete business performance management. The On Demand Operating Environment is delivered through the core capabilities of integration and infrastructure management, creating business flexibility and optimizing the IT infrastructure. Although the end result is an evolved IT environment, many of the required components probably already exist within most enterprise IT environments.

The need for the client is increased focus on business flexibility. This need supports horizontal processes where clients have to increase their focus on overall flexibility. It also must have the ability to take elements of processes that weren't built to work together and make them work together, seamlessly and quickly. Part of making this happen is the relentless use of open standards to enable communication and integration across the value net along with the partner to sharpen focus and respond to opportunities and threats.

Next generation technology requires an on demand business IT environment, a simpler, more manageable IT environment, to provide more flexibility. It needs the ability to repurpose application functionality to support horizontal processes, automation, and virtualization of resources.

## 5.2.2 On Demand Operating Environment capabilities

Figure 5-1 shows the On Demand Operating Environment capabilities that support creating business flexibility and IT simplification. The two entry points are integration and infrastructure management. The objective is to form an open standards-based, integrated, automated, and virtualized environment. Implementation of the capabilities allows for the use of dynamic, reusable

components that are adaptive, autonomic, and inclusive of the entire business process, both internal and external business partners, suppliers, and clients.

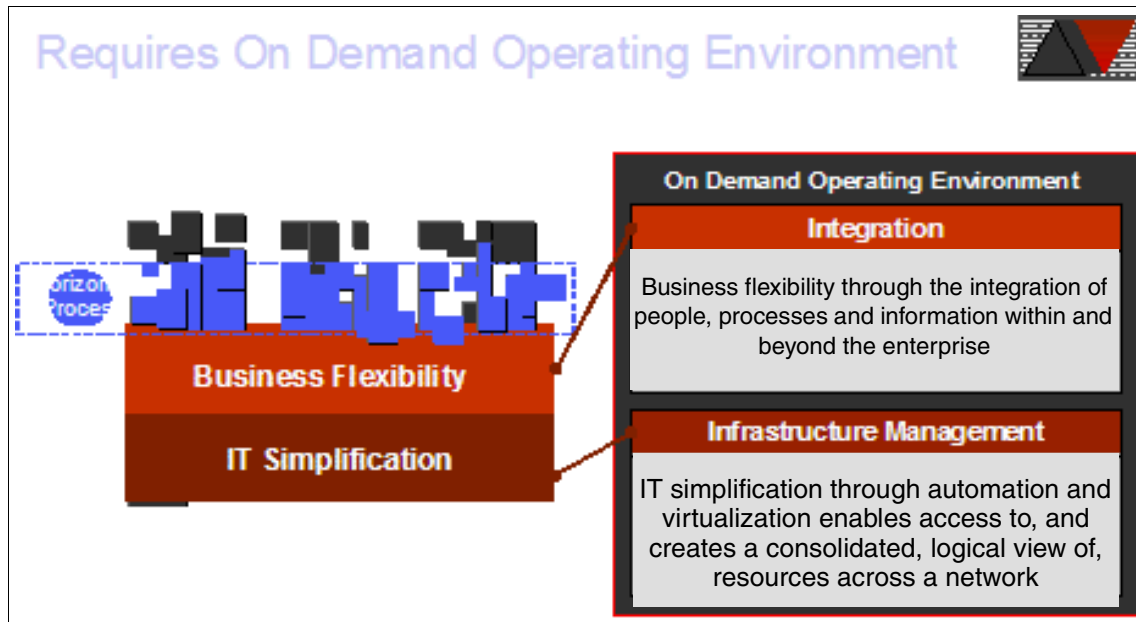


Figure 5-1 On Demand Operating Environment capabilities

The first focus is to increase business flexibility through capabilities designed to speed integration initiatives. The second focus is IT simplification, the creation of an infrastructure that's easier to manage. How? Through the creation of a single, consolidated, logical view of and access to all available resources in a network.

This must be on an open standards-based infrastructure. For more flexibility and componentization to be achieved in your client's business design, its infrastructure must evolve from silos of complex, over-provisioned, proprietary hardware and software to an open-standards-based infrastructure, where capacity can be optimized across your entire organization.

### Integration

Integration is about connecting people, processes, and information in a way that allows companies to become more flexible to the dynamics of the markets, clients, and competitors around them. To achieve this integration within and beyond the enterprise, companies need to implement the following unique capabilities:

- ▶ Business modeling
- ▶ Process transformation

- Application and information integration
- Access and collaboration
- Business process management

Implementation of each of these capabilities allows clients to further and more deeply integrate their people, processes, and information. Figure 5-2 illustrates the business challenges and the benefits that integration can have on them.

Business Challenges	Benefits of Integration
Provide customized and consistent business information	<i>Improve customer service</i>
Automate, integrate and coordinate operations end-to-end	<i>Reduce cost &amp; improve responsiveness</i>
Integrate and optimize the use of people and their tools in processes	<i>Enhance productivity</i>
Reduce the cost and time of building and integrating new and existing applications	<i>Extend the value of applications</i>
Streamline application upgrades	<i>Minimize cycle-time and costs</i>
Transform IT from inhibitor to enabler	<i>Allow focus on core competencies</i>

Figure 5-2 Integration benefits aligned with business challenges

An underlying technical infrastructure helps your client's business transform into a more resilient, responsive, flexible and variable organization, an on demand business. This infrastructure is what IBM calls the *On Demand Operating Environment*. By tightening the link between the technologies that run the business and the overall business goals, the IT infrastructure to helps your client execute business strategies more efficiently.

Integration is the efficient and flexible combination of resources to optimize operations across and beyond the enterprise. It includes securely connecting people with relevant information, accelerating the implementation of end-to-end business processes to help streamline operations, and consolidating information to provide a single view of data.

As shown in Figure 5-3, IBM groups clients' concerns into two broad groups: business flexibility and IT simplification. Business flexibility is addressed by integration. IT simplification is addressed by infrastructure management.

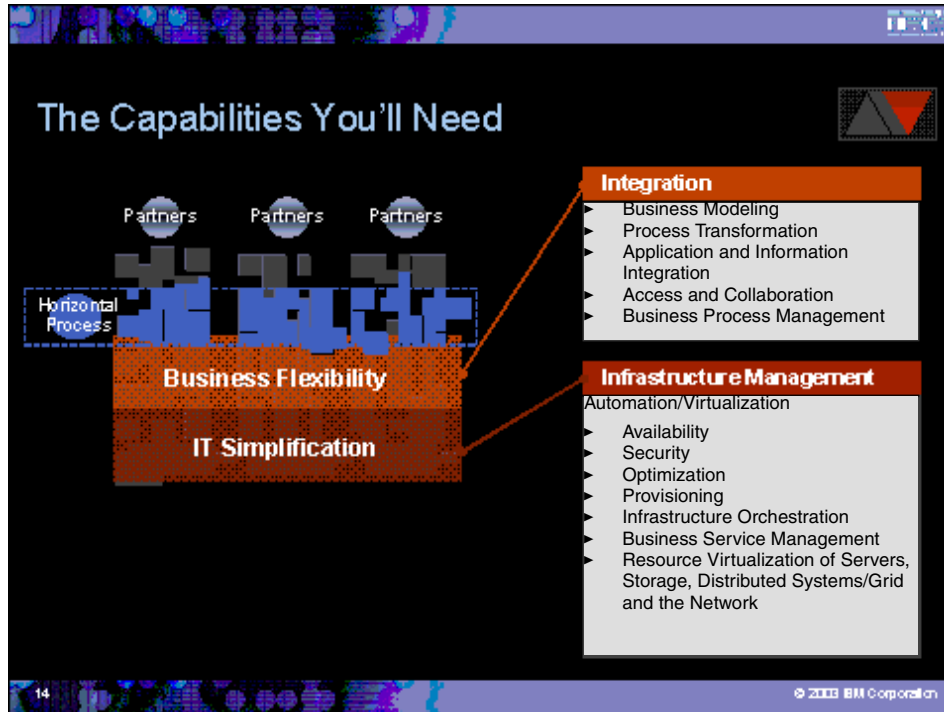


Figure 5-3 Business flexibility and IT simplification

Integration encompasses a broad spectrum of capabilities:

- ▶ Business modeling enables the graphical depiction and simulation of a business process including task descriptions, resources required, and decision points.
- ▶ Process transformation enables existing applications and information to be reused in new ways.
- ▶ Application and information integration enables multiple information sources and business applications to be combined.
- ▶ Access extends data and information to new classes of devices and methods of interaction regardless of connection type.
- ▶ Collaboration allows users to interact in a personalized way with dynamic information, applications, processes, and people.
- ▶ Business process management allows clients to model, deploy, and analyze processes with the goal of managing the end-to-end business process.

To take full advantage of an on demand business infrastructure, organizations also need to leverage a SOA. SOA allows the flexibility to treat business

processes and the underlying infrastructure as defined components that can be mixed and matched at will.

Your clients can get started with integration today. For most companies, integration is critical to aligning IT with business objectives. IBM and our Business Partners focus on the journey to become an on demand business by:

- ▶ Simplifying the building, development, and deployment on demand business applications
- ▶ Improving communication and collaboration within the business and beyond
- ▶ Identifying solutions that react quickly to changes in the marketplace by rapidly modifying business processes
- ▶ Creating links between new and existing applications
- ▶ Providing reaction in real time to the most relevant information by ensuring a seamless flow of information

Infrastructure management is about enabling access to and creating a consolidated, logical view of resources across a network. To achieve this management of their infrastructure, companies need to implement the following unique capabilities (as shown in Figure 5-3):

- ▶ Availability of resources
- ▶ Security
- ▶ Optimization
- ▶ Provisioning
- ▶ Orchestration
- ▶ Business services management
- ▶ Virtualization of one's resources across servers, storage, distributed systems or grid, and the network

Implementation of each of these capabilities allows clients to create greater optimization and simplification of their infrastructure.

The On Demand Operating Environment provides the foundation for IBM's portfolio of Industry Middleware Solutions, which are designed to solve unique industry challenges. These offerings respond to client buying behavior and the preference to buy solutions targeted to their specific industry.

Industry Middleware Solutions are built on the operating environment which means they are designed to leverage a client's existing assets and have the flexibility to accommodate the volatility that impacts all sectors. The solutions combine IBM's proven industry expertise with capabilities from across IBM's five software brands and a strong partner ecosystem of systems integrators and independent software vendors (ISVs) to speed project implementation and reduce risk.

## Infrastructure management

In today's ever changing on demand business world, your client's IT infrastructure can no longer work. It must allow their business to respond at lightning speed. Infrastructure management provides the capabilities to help your client simplify and optimize the IT infrastructure to do this. It tightens the link between the technologies that run your client's business and the client's business goals, allowing the IT infrastructure to help your client execute business strategies quickly and more efficiently.

Infrastructure management is the simplification and optimization of IT through automation and virtualization. It enables access to and creates a consolidated, logical view of resources across a network. Market research shows that your clients have the following requirements to remain competitive in today's dynamic, highly competitive environment:

- ▶ Increase flexibility to manage market volatility
- ▶ Optimize IT infrastructure
- ▶ Simplify and streamline business processes

Information management helps clients meet these requirements.

At the same time, an increasing number of industry regulations and compliance rules put more pressure on clients and challenge them with continuous changes to their environment. Competitive threats, financial pressures, and unpredictable conditions in the world require companies to manage additional complexity while ensuring the most productive utilization of their existing infrastructure. Clients tell us that they struggle to bring more business discipline to their many billions of dollars invested in IT assets, much of which, they acknowledge to themselves, is inefficient and not accountable.

Given these pains, clients are asking themselves a series of questions:

- ▶ How do I best manage my complex, heterogeneous environment and reduce the associated management costs?
- ▶ Are there processes and best practices I can use to improve the way I construct and manage my IT environment?
- ▶ What will it take to improve the utilization of my existing resources?
- ▶ How do I reduce the operational costs of these systems?
- ▶ What can I do to make performance more predictable and automate many of the manual tasks that make operational changes so slow and labor so costly?
- ▶ How do I ensure current and future investments are not wasted?

- ▶ Is my IT infrastructure prepared to respond quickly to changes in business needs and priorities?
- ▶ How do I prioritize the management of my IT resources based on the business processes they support?

This leads to four major priorities. The clients need to:

- ▶ Become agile
- ▶ Optimize their IT resources
- ▶ Manage the complexity of their IT environment
- ▶ Reduce costs

Infrastructure management encompasses a broad spectrum of capabilities. It ensures infrastructure reliability and availability to support business operations. It also allows companies to maximize the utilization of their existing IT infrastructure and reduce costs.

- ▶ *Availability*: Helps to ensure the health and appropriate functioning of IT environments
- ▶ *Security*: Helps to ensure that information assets, confidentiality, and data integrity are effectively protected
- ▶ *Optimization*: Improves IT asset utilization, helping to cut costs, and optimizes organizations' overall IT productivity
- ▶ *Provisioning*: Makes available the right resources to the right processes and people
- ▶ *Infrastructure orchestration*: Senses IT infrastructure conditions, anticipates trends and dynamically responds based on business policy
- ▶ *Business service management*: Improves business agility by aligning IT with business priorities, proactively managing service levels
- ▶ *Resource virtualization*: Provides a single, consolidated, logical view of and easy access to all available resources in a network (servers, storage, distributed systems or grid computing, and the network)

IBM Infrastructure Management solutions help your clients to address their pain points. These solutions allow them to work faster, handle bigger workloads, and stay responsive to their business needs. Through the right combination of hardware, open-standards-based software and industry-leading services, IBM solutions help your client to build an infrastructure that can support their business objectives around the clock. The solution should maximize the use of a company's existing resources—hardware, software, applications, and people—while reducing costs.

Infrastructure management, therefore, is about enabling access to and creating a consolidated, logical view of resources across a network. To achieve this

management of the client's infrastructure, they need to implement automation and virtualization capabilities.

**Automation**

Automation is the capability to reduce the complexity of management to enable better use of assets, improve availability and resiliency, and reduce costs based on business policy and objectives. It is the means by which businesses achieve efficiency, responsiveness, and flexibility. An on demand business requires an On Demand Operating Environment. Automation is the critical component that makes the environment on demand.

Clients today, both IT and business, face tough business challenges that require automated solutions. They are faced with managing complex and heterogeneous environments. They must address ever increasing resource utilization problems. CIOs and IT departments constantly ask to reduce IT costs. Within reducing costs are the problems of operational changes being too slow and flexibility being too limited. And finally there is managing the increasing amount of risk.

The automation guidelines and best practices are a game-changing plan for reducing the complexity of technology to allow focus on the business goals. It allows for the application of resources to business objectives rather than the management of technology as illustrated in Figure 5-4.

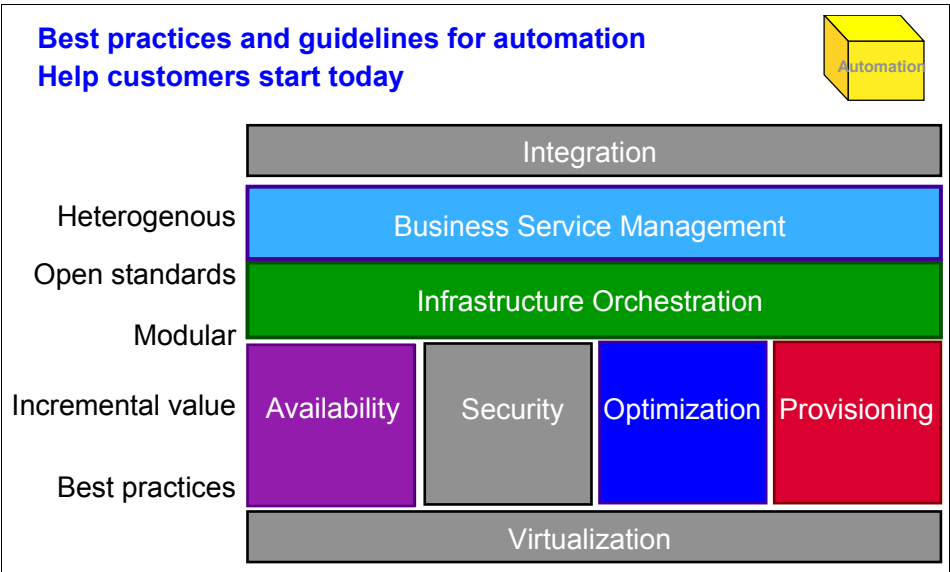


Figure 5-4 Automation best practices

In the automation space, there are several key pain points. A client looks to increase operational efficiency while reducing the cost of data centers by

automating management tasks and reducing the human resource required to manage the infrastructure. They need to create a flexible infrastructure to support emerging business needs by enabling new processes and applications quickly and effortlessly. They must do this without increasing the complexity of managing the environment while improving the productivity of the workforce.

Figure 5-5 shows the key areas within the automation space that should be considered when looking at client requirements for automation.



Figure 5-5 Automation capabilities

As shown in Figure 5-5, the automation capabilities include:

► **Availability**

- Capabilities
  - Resource management
  - Transaction management
  - Event management and automation

- Benefits
  - Increase infrastructure resilience with autonomic technology built into Tivoli integrated management tools
  - Respond dynamically to infrastructure problems leveraging intelligent industry best practices for problem identification and resolution
- ▶ **Security**
  - Capabilities
    - Integrated identity and access management
    - Privacy control and management
    - Security management console
    - Data protection
  - Benefits
    - Protect from unauthorized access by identifying and responding automatically to security threats
    - Central administration of user rights and policies
- ▶ **Optimization**
  - Capabilities
    - Enterprise storage capacity management
    - Centralized control of interoperating Jobs
    - Web site intelligence
  - Benefits
    - Intelligently leverage Web data to optimize client satisfaction on Web sites
    - Create resilient workload management infrastructures to optimize usage of IT infrastructure
- ▶ **Provisioning**
  - Capabilities
    - Complete cross resource environment
    - Applications: Build, deploy and update application software
    - Identities
  - Benefits
    - Dynamic provisioning reduces over capacity
    - Centralized command and control of provisioning

► **Orchestration**

Clients can use resources where they support business results most efficiently. They proactively sense and respond to peaks in demand and allocate IT resources to the most important processes based on business policy.

– Capabilities

- Instantiation and enforcement of business policies for automated change
- Coordination across core automation disciplines
- Automatic allocation of resources to priority applications
- Assurance of application service levels under peak demands
- Configurable levels of automation for evolutionary adoption

– Benefits

- Increased utilization of existing and new resources
- Improved productivity of IT staff
- Accelerated responsiveness to changing business needs
- Elevated application service levels

► **Business Service Management**

– Capabilities

- Visualize IT environment in business service terms
- Generate, track, and report on service-level objectives

– Benefits

- Align and measure Service Level Agreements (SLAs) by the needs of the lines of business
- Visualize business systems to reflect service flow

***Virtualization***

Virtualization provides ways to abstract physical resources so they can be accessed as a pool of logical resources. This enables improved utilization of IT, information and people assets. It does this by treating resources as a single pool and more efficiently accessing and managing those resources across an organization by effect and need rather than physical location.

Virtualization allows your clients to:

- Simplify and consolidate servers and storage devices
- Reduce management complexity across a heterogeneous environment

- ▶ Optimize the utilization of server capacity for, access all data resources regardless of physical location
- ▶ Share multiple workloads over a single processor footprint

Beyond the need for virtualization of hardware resources is the need for virtualization of data and applications. Clients need access to data resources as a single entity and to have applications respond quickly to the dynamic needs of the enterprise.

As with automation, there are several pain points facing the client. Consider the following questions:

- ▶ Can your client share departmental workloads across a single processor footprint?
- ▶ Is your client viewing all data resources as a single entity?
- ▶ Can your client reduce operation and systems management cost while maintaining needed capacity?
- ▶ Is your client using information and resources across their organization efficiently?
- ▶ Can your client respond quickly to the application needs of their customers?
- ▶ Can your client gather information across the enterprise quickly?
- ▶ Can your client deliver SLA response times during spikes in production and test scenarios?

Clients are looking for ways to lower the total cost of ownership (TCO) of their IT infrastructure, reducing operations and system management costs while maintaining needed capacity. They are also looking for ways to share departmental workloads across a single processor footprint, while maintaining a secure environment for each individual department.

Virtualization solves real client problems in three main areas:

- ▶ Cost savings
  - Systems hardware and software capital
  - Human capital
- ▶ Efficiency
  - Simplified management
  - Optimal utilization
  - Quality of services

- ▶ Flexibility
  - Dynamic utilization
  - Time to market
  - Competitive differentiation

Server consolidation and virtualization offerings are targeted toward clients who want to simplify their server environment and consolidate to lower costs and improve reliability and flexibility.

## 5.3 Flexible Financial and Delivery Offerings

FFDO give clients more cost-effective ways to acquire, manage, and pay for their applications and services. Flexible computing models are characterized by the following practices:

- ▶ Instead of buying, building, testing, and deploying an application environment in-house, clients acquire the application as a hosted service and pay through usage metrics, such as named users, number of transactions, and data used.
- ▶ The hosted application can be either managed in a client dedicated environment, or for those clients looking for maximum responsiveness and cost savings, in an environment that supports multiple organizations and subscribers through a single instance.

This means new revenue streams come with the ability to meet client demands for flexible delivery models. And fewer objections are raised during the sales cycle by eliminating large up-front capital expenditures or lengthy development times.

Traditionally, if clients wanted more computing power, they bought more hardware and software. Clients are no longer willing to continually invest in computing resource simply to keep pace with changing technology. Today, IT spending must be able to show a proven business benefit. With FFDO, you can help your clients better align their IT resources and spending with business requirements. They can access infrastructure, applications, and business processes based on their needs, with the flexibility to scale up or down. By purchasing IT capabilities as a service, clients enjoy flexible pricing based on usage.

The benefit of this computing model is clear. Freed from underused assets and long-term fixed IT costs, your clients can devote more attention to their core business, and be more responsive to business needs. FFDO includes innovative industry and application solutions and infrastructure and management services. It also includes financing options that provide your clients increased flexibility in acquiring and managing the technology they need to run their businesses.

Industry solutions and application services deliver the business processes and leading-edge applications that clients need as a service. This frees them from management costs and headaches, and allows much faster implementation and quicker return on investment (ROI) than an in-house implementation.

Infrastructure and management services give clients the provisioning, management and capacity resources required to lower costs, particularly up front capital expense, while benefiting from IBM management of their IT solution.

### 5.3.1 Financing options

Clients can manage their acquisition of computing capacity at just the same pace as their needs grow, and they can align payments into a stream that matches the business value realized. What's more, clients have the flexibility to choose how they access FFDO:

- ▶ Client owned or managed

Clients acquire the offerings, architectures, system designs, and integration services that they need to build their own dedicated computing capacity. They run the service as a “utility” to meet their internal business needs.

- ▶ Vendor owned and managed

Clients address business requirements using services provided by IBM that leverage standardized business process, application, or infrastructure components to optimize execution cost and speed.

Clients invest in the latest on demand business technology for one reason: to achieve lasting competitive advantage. Today, competitive advantage does not necessarily lie in the newest software release or the fastest chipset. Rather, it lies in how those IT resources are deployed to meet business objectives.

Solutions for On Demand Business allow clients to prioritize precious resources and enjoy the economies of scale inherent in this new computing model. With FFDO, you can help your clients reduce the time it takes to launch new capabilities and cut costs, including up front capital expense. This enables the client to gain the capabilities and infrastructure that can dynamically support their business needs.

Financial and IT deployment considerations can be a compelling, even a determining, factor in a prospect's decision to implement solutions for On Demand Business. Sometimes an organization's fiscal sensitivities are obvious, and sometimes they are not. Here are some questions you can ask to help qualify your clients and assess their most critical needs:

- ▶ Does the client's IT resources keep them from responding to changes in their marketplace because they are not scalable or agile enough?
- ▶ Does the client want to be getting more for less, improving IT utilization rates and potentially reducing infrastructure expenses?
- ▶ Does the client need the flexibility to dynamically deploy, provision, and pay for IT services?
- ▶ Can the client benefit from proven business process solutions (Customer Resource Management (CRM), Enterprise Resource Planning (ERP) procurement, etc.) that can improve IT ROI and execution time lines?
- ▶ Does the client want to show the board of directors that the client is lowering fixed IT costs and improving the equity of their company?

Answering *yes* to one or more of these questions can point the way to the most promising entry point into the organization.

### 5.3.2 Making the right On Demand Business decisions

Organizations seeking to gain competitive advantage and speed ROI from IT investments are likely candidates for FFDO. If they seem uncertain or have issues about the magnitude of the investment, you may want to focus your discussions with them in one of the following ways:

- ▶ Present the flexibility of choice for having solutions delivered on or off premise. Emphasize the cost and time savings of partnering, buying, or both, rather than building select IT capabilities.
- ▶ Outline the benefits of leveraging current IT assets while migrating to a more standardized, flexible, open-platform IT environment.
- ▶ Introduce the efficiencies and economies of scale that are possible when standardized software implementations are deployed (fewer proprietary applications).
- ▶ Discuss the client's need to tighten budgets, reduce capital investments, and more closely align IT spending with business goals.
- ▶ Examine their ability to both handle current workloads and scale up (or down) to meet the demands of new business solutions and an expanding user base.
- ▶ Explain that solutions for IBM On Demand Business are proven and that they can provide fast access to new capabilities, reducing risk and time.

One or a combination of these approaches should help you deal with your client's objections and steer them toward the FFDO that is right for their business.

If your clients are on the on demand business track, IBM and IBM Business Partners are uniquely qualified to provide the flexible IT financial and delivery

options they will need to succeed. Unlike other providers, IBM and IBM Business Partners have a deep knowledge and long experience in managing and financing heterogeneous client environments. The result is that they can provide your clients with a clear roadmap and strategy to take them wherever it is they want to go. Additionally, when combining our industry and business process experience with market-leading technology, IBM and IBM Business Partners can be a trusted advisor and accountable source for meeting client's needs.

### **5.3.3 Value across the enterprise**

Regardless of the level of management that you approach within the organization, FFDO can be tailored to meet your client's unique needs:

- ▶ For IT executives at large enterprises who need to maximize their computing resource utilization by reliably and securely aligning their IT capabilities with the changing needs of their business processes and users
- ▶ For line of business (LOB) executives at large enterprises who need to anticipate and rapidly respond to marketplace changes by streamlining their business and IT processes
- ▶ For middle management LOB and IT executives who need to anticipate and rapidly respond to marketplace changes by streamlining their business and IT processes and maximizing their IT resources in a secure, reliable environment



## The On Demand Business value proposition

“In the past, executives had the luxury of assuming that business models were more or less immortal. Companies always had to work to get better...but they seldom had to get different—not at their core.”

— Gary Hamel and Lisa Valikangas, from “The Quest for Resilience” seminar, from *Harvard Business Review*

[http://harvardbusinessonline.hbsp.harvard.edu/b02/en/hbr/hbr\\_home.jhtml](http://harvardbusinessonline.hbsp.harvard.edu/b02/en/hbr/hbr_home.jhtml)

The manifestation of extraordinary market challenges and, conversely, the vigorous response that on demand business enables will fundamentally change the way that businesses are constructed and operate. Despite all of the structural change and threats that businesses are experiencing, tremendous value is to be captured for those companies that have the drive to adapt. On demand business allows adaptive businesses to create and capture value in a number of fundamental ways. They do this principally through innovation, making better use of resources, and increasing the security and resiliency of their organizations.

## 6.1 Innovating the business to differentiate and capture new value

Businesses are in a position in which they must differentiate themselves or become commoditized. Cost reduction and productivity gains are important. They lead to sustained margins and shareholder value. But growth can only be achieved through differentiation and competitive advantage.

Therefore, leading companies are focusing their resources on driving breakthroughs that will move them far ahead of their competitors, not on reducing the cost of back-office operations. The on demand era is different from those that preceded it for precisely this reason.

There is opportunity in applying technology to efficiently achieve what historically was done. There is also the opportunity to create major step improvements through continuous innovation to create breakthroughs. The continuous innovation achieves this by fusing new business designs and next-generation technologies to perform tasks differently, not once, but over and over again.

At its core, an on demand business has the power to do more than just to improve efficiency. An on demand business can make the transition from continuous improvement to continuous innovation.

### 6.1.1 Optimizing the value net

During the recent economic downturn, as companies closed plants, moved facilities, and restructured to reduce costs, the complexity of Supply Chain Management (SCM) increased. Because supply was built to meet demand that no longer existed, companies struggled mightily with latency. Cisco, for instance, wrote off US\$1.3 billion in inventory because it made products that its clients didn't want. Now that the market is recovering, companies are in the opposite situation, having to address pent up demand with reduced capacity.

**Note:** For more information about Cisco's story, see K. Burke's article "Meet the Street: Will the Cisco Kid Ride Again?", from 06 February 2002, from thestreet.com at:

<http://www.thestreet.com>

Companies that employ on demand business differentiate their supply chains by detecting capacity and supply constraints, assessing impacts of potential decisions, and making changes quickly. In on demand business, partners are added or deleted on a global basis, as demand changes, and with minimal costs

or risk to business continuity. As a result, manufacturing companies can adjust to new build requirements nearly instantaneously (within 24 hours).

When a required change is detected, it is easily communicated to the partner network as a result of on demand business collaboration processes, information flow, and integrated management systems. By working effectively with partners and leveraging on demand business technologies, a company can flex its extended supply chain. This enables the company to vary capacity, address supply chain disturbances, exploit cost advantages, and adjust to new build requirements simultaneously. The company accomplishes this by working with a network of partners as one virtual factory and achieving true differentiation.

### **6.1.2 Increasing business flexibility**

All companies try to match expenses to revenue. This is a fundamental and seeming perpetual struggle for most companies. Usually it takes a company from two to three quarters to adjust expense ratios given a change in revenue. Analysis by IBM Institute for Business Value has shown that during the recent economic downturn, information technology (IT) spending actually increased from 3% to 4% in a typical company that had a 20% year-to-year drop in revenue and net income down even further. This is a prime example of how traditional companies struggle to keep revenues and expenses in line.

Companies that employ on demand business build variable cost structures, allowing them to adjust costs to revenue within a quarter. This provides enormous value to enterprises, particularly those that are publicly traded, by enabling them to meet financial goals even when revenue declines. Further, on demand business technologies allow key executives to have instant visibility into performance indicators for all aspects of the business anywhere in the world. For instance, IBM CEO, Sam Palmisano, can log into IBM's intranet anytime and view key performance metrics, updated in near real time, for all IBM brands and geographies.

Leading companies are so proficient in managing to volatility that they can sustain negative cash cycles. For example, suppose a major retailer orders 500,000 copies of a DVD from a major supplier and needs to reimburse the supplier within 30 days. Within the first week, the retailer stocks the DVDs on the shelves of its stores across the country. Within three weeks, it sells almost all of the DVDs. In this scenario, the retailer would have received the DVDs, shipped them to its stores, and sold them to their clients (making a profit in the process), all before they even paid the supplier.

Companies that implement on demand business typically exhibit the following best practices, which increase their business flexibility:

- ▶ Outsource non-core business components, including production, distribution, human resources (HR), finance, and IT
- ▶ Implement a transparent demand/supply chain
- ▶ Share risk and reward with suppliers, subcontractors, and partners
- ▶ Understand and mitigate emerging risks of operating in an ecosystem
- ▶ Pursue risk and reward arrangements with vendors

### **6.1.3 Improving the client experience**

For over a decade, companies have been trying to orient themselves to be more client focused. In doing so, they have been responding more effectively to client wants, needs, and demands. However, on demand business companies strive to shape demand, which goes beyond being only responsive to client demand.

This means that the end-to-end client experience, across every touchpoint, is a differentiating competency for companies that use on demand business. Leading companies manage client relationships rapidly, seamlessly, and with trust. On demand business technologies enable those employees that interact with clients to have an integrated view of the clients wants, needs, and behaviors across transactions and channels. This allow real-time responsiveness to client needs (for example, proactive service, cross-sell, and up-sell).

Companies that implement on demand business also work to move to the right person, at the right time, at the right place, to better serve clients. Employees can have instant access to centers of knowledge within a company so that they can handle client inquiries with minimal hand-offs.

### **6.1.4 Extracting greater value from data**

To make all of the differentiating activities work within an on demand business, it is critical that the “right” data be made available anytime, anywhere, and from anyone. Although security and privacy are of utmost concern, there is a danger in protecting a company’s data assets from those that need them for legitimate business purposes. Companies have a tendency to lock data in a virtual coffer, allowing access to only a privileged few.

Further, traditional reporting and querying processes may not be sufficient to meet the needs of an environment built around knowledge. For instance, new distributed algorithms for data sampling allow analysts of leading companies to efficiently build models that enable them to predict how each client will act in a given situation. The data is used to develop targeted campaigns, trade promotions, and products. The large quantities of data that must be managed,

governed, and made accessible on a wide scale, require new data architectures and query tools. Care must be taken so that the user community is not overwhelmed with data, which could strangle processes.

Addressing ease of access, breadth of relevant results, and “usability of results” issues are key factors to enable agile business decision making. On demand business environments require access to multiple types of data wherever and whenever needed. Quality of service guarantees, along with the computing and network infrastructures, need to evolve in support of these requirements. Making daily business decisions increasingly relies on the ability to analyze large volumes of both structured and unstructured data. Businesses which harness this capability can better anticipate market and consumer shifts and enjoy leadership according to other key metrics (time-to-market, client satisfaction, etc.).

Figure 6-1 shows how immediate access to data helps speed business decisions.

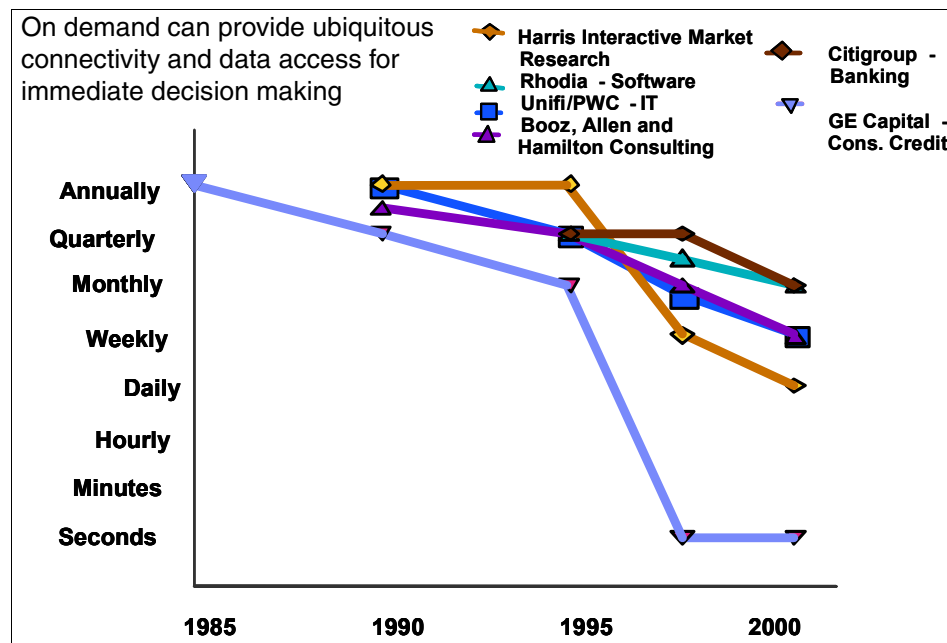


Figure 6-1 Business decision frequency

Companies can create value by managing and making accessible enterprise knowledge that goes beyond transactional or client data. Documents, presentations, and other materials may have valuable information that can be referenced or reused. Value may be derived from non-traditional data that

companies may have at their disposal. For instance, companies can use voice monitoring technologies for client calls to sense voice tones that identify an irritated client. These calls can be forwarded immediately to a specialist or supervisor.

### **6.1.5 Driving business innovation**

For many companies, time to market is the top business challenge facing them. To be late to a new market, or with a new product, can mean lost market share, substantial competitive disadvantage, and the inability to set standards, all of which can be extremely difficult to overcome. This is particularly true in the electronics industry, in which the battle for innovative supremacy is well known.

For instance, consider game systems such as Sony Playstation or Nintendo Gamecube. The first commercially successful home video game system was the Atari 2600 launched in 1977. Although Atari had an overwhelming market share for much of the early 1980s, Nintendo quickly overtook Atari as the market leader by introducing a far superior product, the Nintendo Entertainment System, in 1985. Subsequently, Nintendo lost its advantage and market share to Sony Playstation and its progeny, the Sony Playstation 2. Now by shaving a year off of its typical five-year development cycle, Microsoft is threatening to overtake Sony, who has approximately 67% market share, by being first to market with its latest generation of its game system, the Xbox. Whoever wins the race to market will stand to gain billions of dollars in market share by shifting game developers, and therefore consumers, toward its platform.

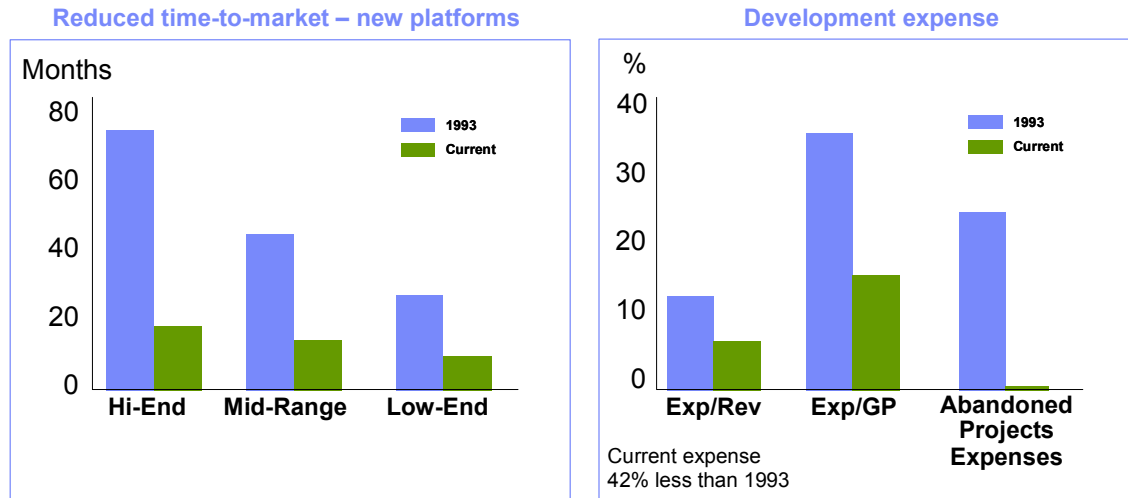
Organization that employ on demand business are consistently first to profitable markets by:

- ▶ Allowing the integration of design activities with the R&D activities of internal and external clients
- ▶ Enabling rapid identification of a market opportunity
- ▶ Providing enhanced decision making ability
- ▶ Virtualizing the design infrastructure to minimize capital costs
- ▶ Allowing efficient use of resources across a distributed design team

For example, one IBM Client kept missing the market due to a lengthy product development cycle. IBM helped the client reduce its time to market by 50% across all product types by implementing project workbenches (suites of tools) that allowed engineers to re-use innovative processes and knowledge linked to product management.

The results, as shown in Figure 6-2, were impressive:

- ▶ Abandoned projects dropped from 25% to 1%.
- ▶ Suppliers were reduced from 5000 to 1200.
- ▶ Parts re-use rose from 2% to 59%.
- ▶ The time that engineers spent on design functions increased from less than 25% to more than 75%.



Source: IBM Institute for Business Value

Figure 6-2 First to market: An IBM case study

## 6.2 Making better use of resources to be more productive

In addition to enabling companies to differentiate the critical aspects of their business and capture value from unexpected areas, on demand business promises to deliver immense productivity gains to companies that embrace the possibility.

## 6.2.1 Optimizing today's IT investments

Typically, companies apply on demand business concepts first in the area of information technology to make better use of IT resources. By adapting open, autonomic, virtualized, and integrated technologies, companies can substantially lower the cost of integrating and running their IT operations without giving up functionality or availability. Further, by leveraging outside specialists to manage IT assets, companies can pay for only those resources that they use. This is similar to paying a utility bill. In this case, IT spending can be adjusted with changes in revenue.

In the early 1960s, IT was used to automate simple, small slices of processes, such as paycheck printing. Over time, an ever larger part of these processes was automated. Later, these automated processes were linked and integrated. Today, business process integration is a major theme of the IT services industry, and all of this is putting new demands on IT infrastructure. Even in traditional companies, an ever-increasing percentage of businesses processes are critically dependent on IT for efficient operation.

Today, in the on demand era, operations are becoming touchless and simultaneous across different facilities and with trading partners. This is partially enabled by technology, but it is mostly due to a cultural shift whereby companies and their partners are now willing to work closely to make connectivity and data accessibility protected, private, and secure.

Companies with on demand business deploy infrastructures that sense changes in capacity and self correct. They can support security, transparency, and access across partners, clients, and geographies. Systems can seamlessly link across the enterprise and trading partners. This enables real-time visibility to critical data, while decreasing complexity to end users. In addition, due to the lower cost of operating resources, companies can devote the majority of their IT budgets to creating new capabilities, rather than on maintenance.

## 6.2.2 Improving employee productivity

Companies that employ on demand business see considerable increases in employee productivity. On demand companies look to outsource non-differentiating components of their businesses, which allows them to focus their human capital on true value adding activities. On demand companies also use technology to simplify employee access to content, applications, people, and processes. Because of these factors, companies that have a high level of on demand business maturity have a revenue-per-employee ratio that is much higher than the industry average, a high level of pay, and, as a result, low employee turnover. Figure 6-3 illustrates this point.

In an on demand business environment, organizational flexibility increases so that departments, levels, and reporting structures matter less. Skills, projects, and relationships matter more. Companies can match work to people and people to work without a time lag. Employees have visibility into their individual and organizational performance metrics and their “score” relative to business objectives, in real time.

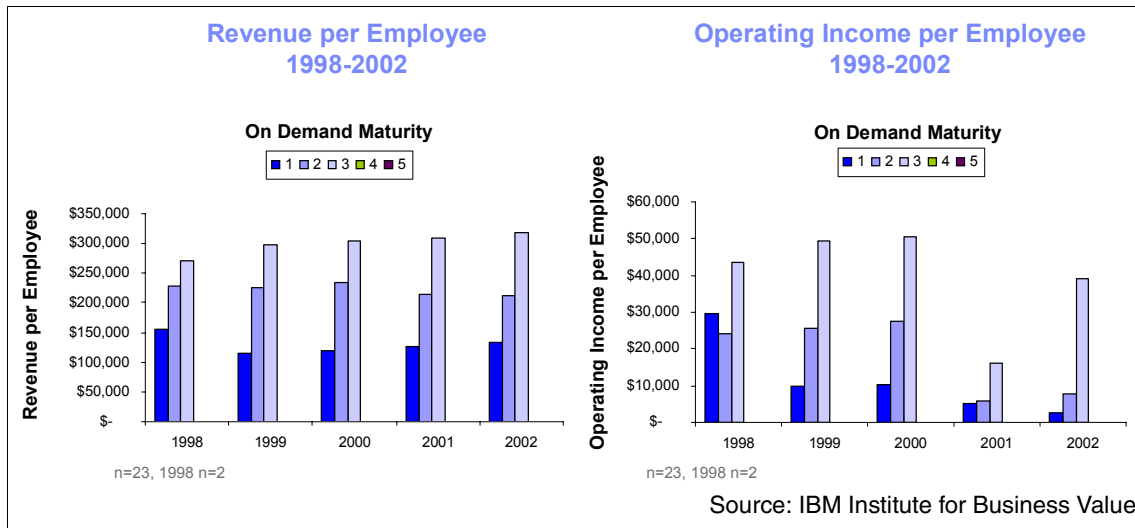


Figure 6-3 On demand business correlation to business performance

## 6.2.3 Streamlining processes

One of the first steps that a company should take when embarking on an on demand business journey is to evaluate which of its process areas are truly differentiating and which simply need to be done efficiently. Those that are non-differentiating, such as IT, finance and accounting, human resource management, etc., should be managed by external specialists or outsourced. This guarantees productivity gains in those areas, by leveraging best-in-class providers. It also acts to change a significant amount of a company's fixed costs to variable costs. However, another way that companies can squeeze value out of its operations is to become more efficient in those differentiating processes and components that they retain.

In the on demand era, streamlining processes is not simply a matter of performing the same functions with fewer steps. It is about optimizing operations for cost and quality, often on a global basis. For example, IBM has developed optimization algorithms around key business processes and has run them many times in simulations to derive the most efficient methods for product and supply chain planning. Based on this optimization research, IBM has developed

integrated and optimized solutions to interrelated, complex problems, including inventory management, product design, and production scheduling for leading steel manufacturers in Japan. These solutions resulted in significant savings, attributable to reduced production costs and lead-time reductions.

## 6.3 Increasing security and resiliency

Business contingency is both a threat and an opportunity for companies in today's business environment. The terrorist attacks on 11 September 2001 against the United States cost companies billions of dollars as the global economy shuddered. As stated in the paper *On demand business: The new agenda for value creation*, by the IBM Institute for Business Value, the U.S. GDP suffered a loss of between 1 and 1.5%. Analysts estimate that business investment in new technologies fell about 14%. In 2000, the *I Love You* virus spread through e-mail attachments to 82.4 million computers and infected 2.6 million of them. The virus caused an estimated US\$6.7 billion in damage, according to researcher Computer Economics.

**Note:** You can find the *On demand business: The new agenda for value creation* paper, by the IBM Institute for Business Value, on the Web at:

[http://www-1.ibm.com/solutions/plm/doc/content/bin/ibv\\_cross\\_od.pdf](http://www-1.ibm.com/solutions/plm/doc/content/bin/ibv_cross_od.pdf)

As global companies build networks to manage their increasingly dispersed operations and partners, new threats arise. IBM Research reported that nearly half of the 5,000 security vulnerabilities since 1995 occurred in 2001. Cost of network down time is more than US\$50,000 an hour for 56% of the companies IBM surveyed on business contingency planning.

However, risk and disaster can also be a market opportunity. One industry consultant group predicts that worldwide information security services (ISS) spending will increase to more than US\$23.5 billion by 2007, representing a compound annual growth rate of 20.9%. The U.S. government set aside US\$59 billion alone in 2004 year to upgrade systems for homeland security and defense.

Infrastructure providers are finding big business in contingency planning services, largely due to the following factors:

- ▶ Geopolitical instability threatens operational performance of globally integrated firms.
- ▶ Natural disasters continue to create economic turmoil.
- ▶ Computer viruses and other virtual dangers threaten client and employee security and privacy.

- ▶ Labor unrest erupts within sensitive industries and spreads to other economic sectors.
- ▶ Demographic shifts will cause expected and unexpected changes in the business climate.

On demand business technologies and concepts reduce the impact of catastrophic change and support long-term survival by building redundancy and the appropriate level of security throughout the business model. This leads to:

- ▶ Reduction of exposure to unforeseen shocks
- ▶ Preparation for potential changes and threats
- ▶ Implementations that are anticipatory of future disruptive events

These elements drive risks from the business and create value for the enterprise.

## **6.4 Facilitating and enhancing business control compliance requirements**

Recently, businesses have been forced to cope with a significant surge of government regulations dealing with fiduciary compliance, such as Basel II, International Accounting Standards (IAS), and Sarbanes-Oxley. This wave of regulation, as well as investor backlash to well-publicized financial scandals such as those affecting Enron and WorldCom, is compelling finance organizations to improve risk management for the enterprise.

Regulators and investors alike are demanding that companies strengthen their fiduciary responsibilities around managing risk and business returns including providing increased confidence and control. CFOs must now manage the quality and risk inherent in enterprise resource allocation and value creation strategies. Essentially they must manage the volatility of the firm's value net and report the results accurately and honestly.

The CFOs of on demand companies are better prepared to address these challenges due to:

- ▶ Consistent, integrated sources of data
- ▶ Rules-driven processing and reporting
- ▶ Integrity in financial and performance metrics

The new on demand business model relies on the end-to-end integration of business processes and technologies. For many years, improving the responsiveness of the finance department often meant simply implementing Enterprise Resource Planning (ERP) or data warehouse integration solutions.

On demand business in finance can now help companies capitalize on these previous investments. It can also make integration happen much more quickly through such vehicles as the virtual close, end-to-end financial process management, enhanced business intelligence (BI), and business transformational outsourcing. By harnessing the full power of technology and seamlessly integrating it with componentized processes, finance can be uniquely positioned to help the enterprise respond with flexibility and speed to any regulatory change.



## Mapping the IBM offerings to solutions for IBM On Demand Business

Today, IBM delivers breakthroughs in business innovation and productivity to drive the success of our clients' businesses in this on demand business world. IBM continues to be the go-to brand because we have:

- ▶ A long history of deploying end-to-end business and technology experience, expertise, and solutions to resolve industry specific client issues, regardless of entry point
- ▶ Quality offerings to satisfy the demands of the on demand business world

This chapter identifies the key investment areas based on client needs. It also presents an overview of the various on demand business value propositions by client set and IBM business unit.

## 7.1 Key investment areas

Research with CEOs, CIOs, LOB executives, and IT management across all client sets indicates that there are the following key investment areas that have emerged as primary client needs in the on demand business world. Satisfying these needs enables businesses to make progress toward reaching their strategic business imperatives.

- ▶ **Optimize the value net**

Connect suppliers, partners, and buyers to minimize complexity, reduce time, and cut the costs of inventory, production, sales, and delivery.

- ▶ **Increase business flexibility**

Manage market volatility and unpredictability more effectively by creating flexible structures, processes, and resources that can cope with constant change.

- ▶ **Extract greater value from data**

Federate fragmented and inaccessible information to achieve more informed, accurate, and timely business decisions.

- ▶ **Improve the client experience**

Increase the loyalty of clients by making them better informed and by finding ways to consistently meet or beat their ever-rising expectations.

- ▶ **Drive business innovation**

Increase speed to market and delivery of new products and services.

- ▶ **Optimize today's IT investments**

Increase capacity utilization, enable heterogeneous environments, and remove siloed IT infrastructures that are difficult and costly to manage.

- ▶ **Improve employee productivity**

Introduce systems and processes that increase employee communication and collaboration. Provide access for all to the necessary resources, skills, and tools.

- ▶ **Streamline processes**

Remove disconnected and fragmented processes that result in business inefficiency and process redundancy.

- ▶ **Increase security and resiliency**

Provide ongoing business continuity for employees, suppliers, and clients, increasing both business and IT productivity and efficiency in operations. Provide the ability to scale resources up or down to address client demand.

► **Facilitate and enhance business control compliance requirements**

Enable streamlined business controls so resources can focus on differentiating activities. Provide the ability to respond rapidly to end consumer safety issues and conform to government regulatory requirements. Establish a framework for real-time business performance management, business risk management, content management, and data integrity.

IBM and our Business Partners provide industry-specific offerings and solutions to meet the needs of these key investment areas. We do so by combining business process knowledge and technology, through flexible options, to enable clients make better use of resources to become more productive. IBM, with our end-to-end capabilities, can help clients develop a customized roadmap that is focused on the needs of their businesses in the context of their industry. That is, the client can start from a point that is appropriate for them. This may be from a single product purchase through an entire enterprise transformation that provides intermediate and long-term value to assist in becoming an on demand business.

Clients in the on demand era are focused on and progressing toward two strategic imperatives:

► **Innovate the business to differentiate and capture new value.**

Organizations need a partner to help them deliver new business value and growth in the market through product innovation, more personalized client service, or transform business processes. In the face of fierce global competition, organizations must be able to anticipate, rapidly respond, and always be available. IBM can help organizations become more of an on demand business by integrating processes and business behavior horizontally, across teams and value chains, to respond more quickly to market changes.

► **Make better use of resources to be more productive.**

In today's difficult economic climate, organizations want to make better use of resources, whether by saving a step in a business process or by improving linkages with their business partners. Organizations want to achieve more out of the resources they have in place so they can free to generate additional opportunity. Ultimately, they want to reduce their operating costs. Solutions for IBM On Demand Business help organizations focus on core competencies.

As shown in Figure 7-1, progress in the investment areas and toward the strategic imperatives delivers the end state where the business is designed and equipped to “break through” in the on demand business world.

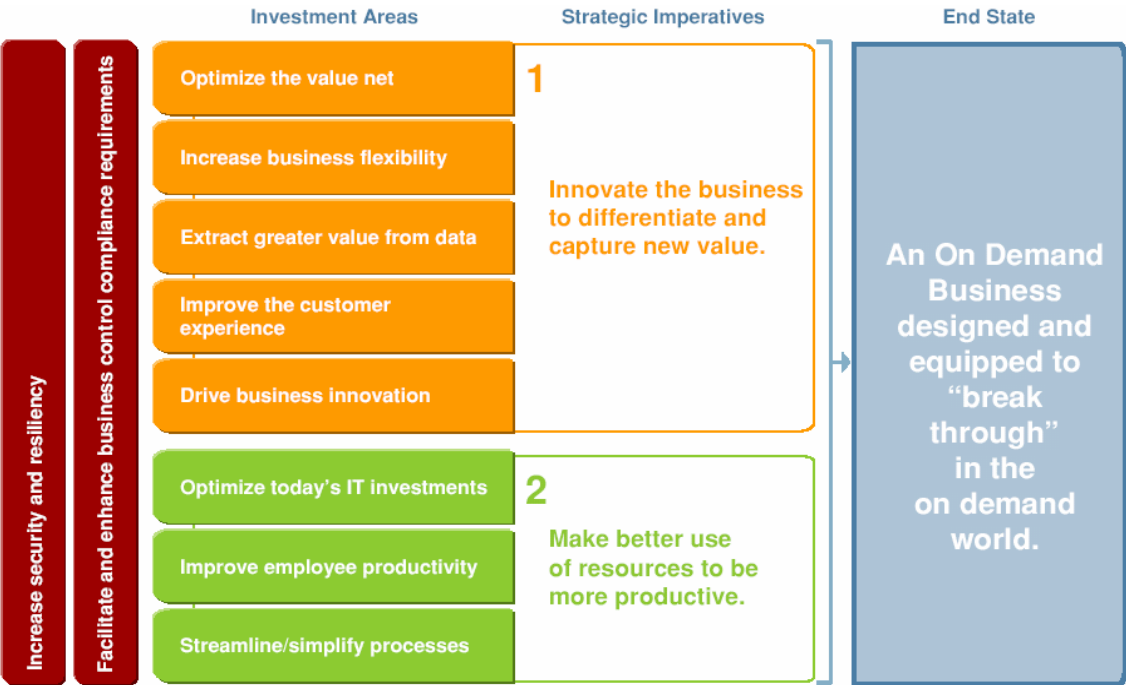


Figure 7-1 On demand business investment areas, strategic imperatives, and end state

## 7.2 On demand business value proposition for large enterprise

Figure 7-2 shows, at an overview level, what IBM offers large enterprise clients in each of the investment areas.

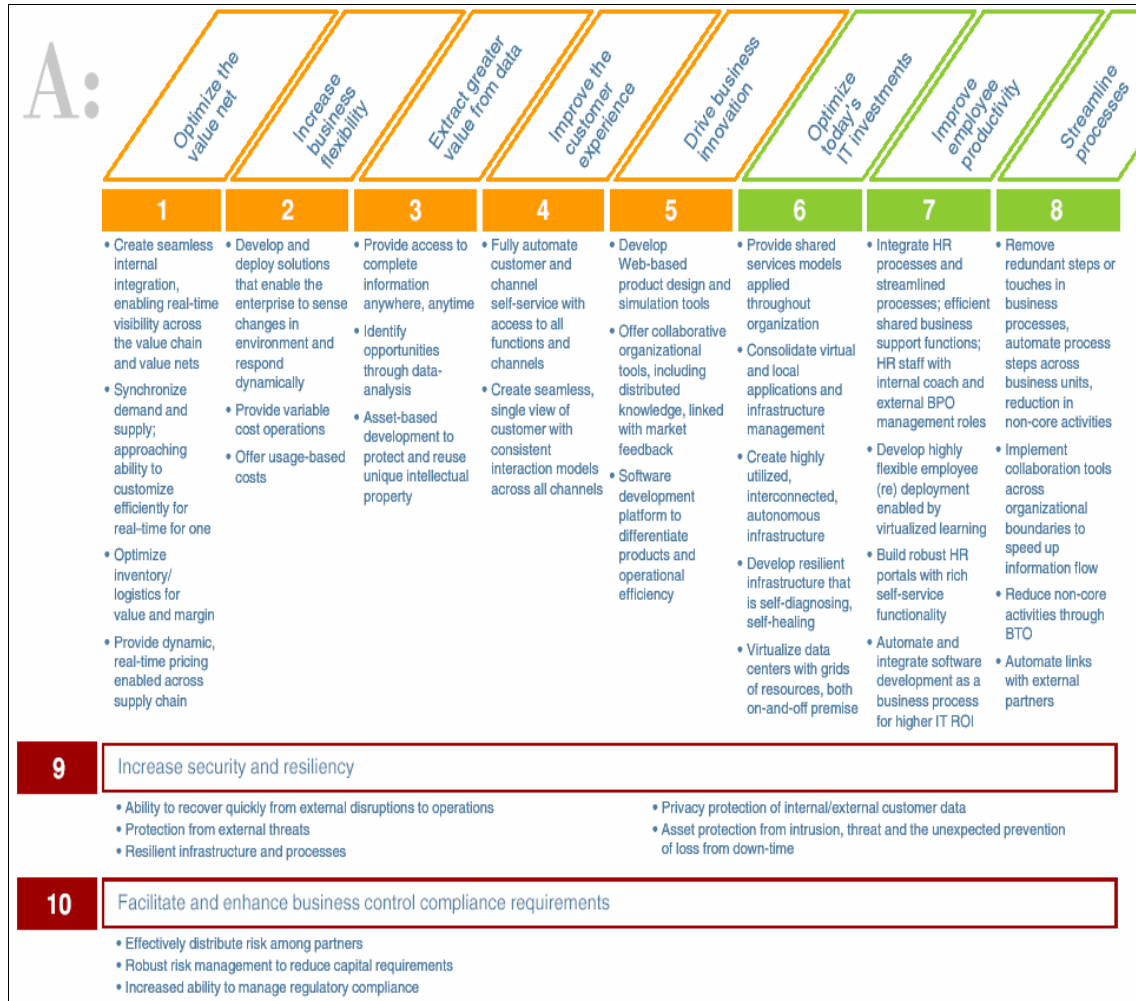


Figure 7-2 Large enterprise investment area offerings

# 7.3 On demand business value proposition for small and medium business

Figure 7-3 shows, at an overview level, what IBM offers small and medium clients in each of the investment areas.

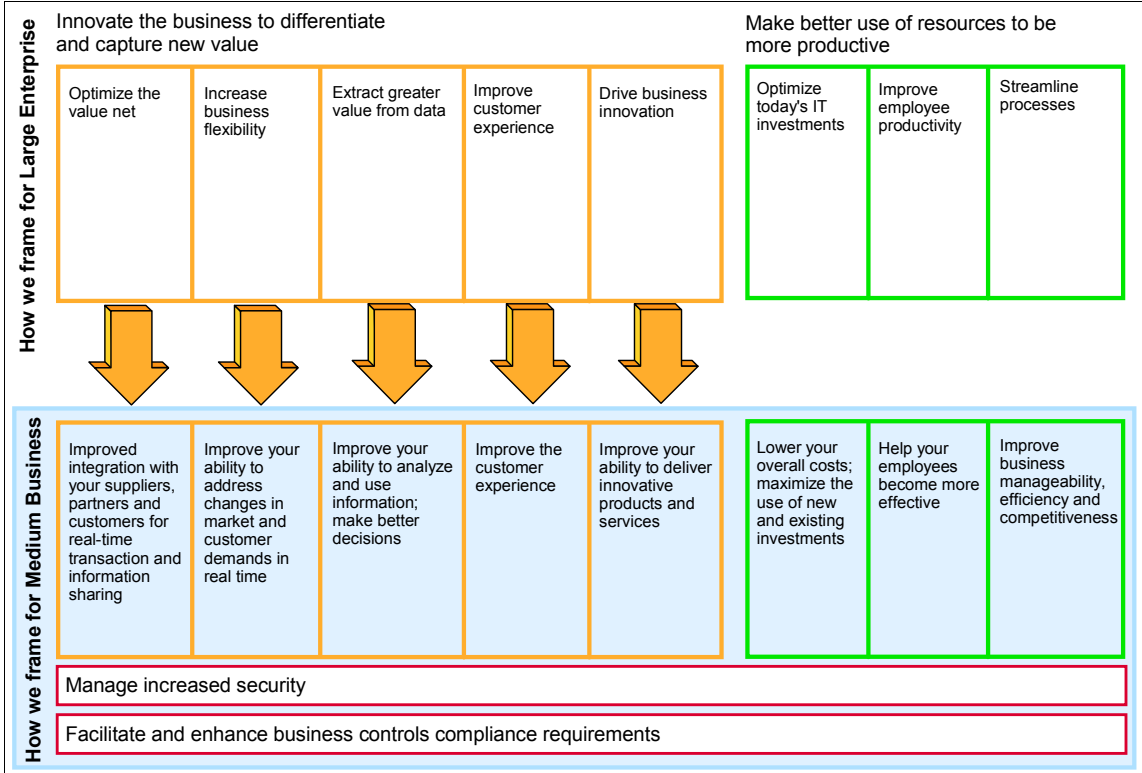


Figure 7-3 Small and medium business investment area offerings

# 7.4 On demand business value proposition for IBM Global Services

IBM Global Services, the largest IT and business services organization in the world, provides the people and resources that make on demand business happen. IBM can field an end-to-end team uniquely positioned to deliver the on demand business promise: People who deliver—for real, tangible problems—an arsenal of strategic business and process expertise. They are backed by the partnerships and technology know-how needed to deploy systems and solutions onsite, outsourced, or both, on demand.

## **7.5 On demand business value proposition for the IBM Software Group**

IBM middleware can help businesses innovate, and sense and respond to ever-changing environments, through the connection and integration of disparate processes and information. This results in faster responsiveness and greater business insight for our clients.

IBM middleware provides high performance technology tuned with applied business expertise. This can help businesses increase their productivity, manage business change and complexity, and improve time to realized business advantage.

IBM middleware solutions securely integrate, manage, optimize, and extend IT investments. Clients are able to realize differentiated business performance by capturing and applying their unique business practices through software development.

IBM middleware can provide a high performance platform for the creation of a flexible and incrementally deployable set of infrastructure capabilities. These capabilities can help to support business transformation or enhancements for IT environments, applications, or processes.

## **7.6 On demand business value proposition for the IBM Systems and Technology Group**

IBM Systems Group is responsible for IBM Server and Storage brands, including development, manufacturing, marketing, and sales. IBM Technology Group is responsible for the IBM original equipment manufacturer (OEM) chip business, the Engineering and Technology Services operation, and semiconductor development and manufacturing for both IBM and external clients.

To accelerate new growth opportunities, these two groups were recently integrated into one single organization. The combination of these two teams provides solutions to ensure IBM as a leader and innovator in the market.

The IBM On Demand Business solution offerings provide a client with the ability to adjust easily to change while increasing the productivity of infrastructure and individuals at each client. IBM Systems and Technology Group (STG) will continue to look at potential breakthrough technology that offers additional benefit to IBM clients.

## **7.7 On demand business value proposition for the IBM Personal Computing Division**

The promise of the IBM Personal Computing Division (PCD) is to help our clients become more of an on demand business by delivering products that improve employee productivity, streamline and simplify processes, and optimize today's IT investments. We are best positioned to do this through our intimate knowledge of clients, and our investment in technologies and software, services capabilities, and channel partners. IBM itself will be an example of the benefits, savings and productivity available through the use of these technologies.

## **7.8 On demand business value proposition for IBM Global Financing**

IBM and our Business Partners have world-class business knowledge combined with flexible technology and financial delivery offerings from IBM Global Financing. For organizations who want to become on demand business, this combination enables you to build breakthrough advances in productivity and innovation.

Customized offerings from IBM Global Financing for IBM and multivendor IT solutions can help you make the transition. They also help you continue to support a responsive, focused, and resilient on demand business environment. IBM Global Financing is your strategic partner for the life cycle of your IT solutions, from acquisition to management to disposition.

## **7.9 On demand business value proposition for IBM Printing Systems**

IBM print and electronic output solutions give you the technology you need to implement an on demand business information-delivery environment. Such an environment can sense and respond to market requirements, manage costs through increased utilization and productivity, and ensure business continuity.

Based on technology leadership and the broadest support for open standards, IBM print and electronic output solutions help you achieve the most from your output infrastructure. Only IBM, with our end-to-end output assessment capabilities, can help you build a plan to consolidate, optimize, and integrate your output environment. And this, in turn, will help reduce client print and output costs.

IBM provides:

- ▶ Enterprise output privacy and security

Business continuity features are built into every printing product.

- ▶ Flexible information-delivery options

You can convert fixed costs to variable costs, therefore paying for only the print and output you need, when and where you need it.

- ▶ Innovative output solutions from a company you trust

We also offer world-class services and support that can give you value, both intermediate and long-term.





## Creating a buying vision and energizing the sales process

The worldwide solutions opportunity is estimated to be approximately US\$250 billion. It covers the areas of Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Supply Chain Management (SCM), Product Lifecycle Management (PLM), and Enterprise Spend Management (ESM) opportunities.

Selling in this market requires an understanding and application of a broad range of technology solutions, software applications, consulting, and services offerings. Client satisfaction, long-term retention, and a client's business success are all key performance indicators and can be a roadmap to your success.

The solutions market is very dynamic. The buying criterion of clients has changed dramatically over the past few years. Also the content and depth of the offerings from IBM's independent software vendor (ISV) partners continues to expand over time. Surprisingly, our best potential clients in this space are often those with an installed enterprise system. Studies have shown that clients that install an enterprise application spend 45% of their information technology (IT) budget, during the post implementation, on additional technologies to extend and support the applications.

## 8.1 Business investment priorities and drivers

In a recent “Wants and Needs” client survey conducted by the IBM Market Intelligence organization, the following areas were a priority for investment and continue to increase in importance.

- ▶ Infrastructure and security
- ▶ Backup and recovery
- ▶ Standardization of IT processes
- ▶ Streamlining inventory management
- ▶ Forecasting costs
- ▶ Integration and fulfillment management
- ▶ Employee enablement

All organizations strive for operational excellence, which drives today's decisions around enterprise solutions. Some business elements that continue to drive solution decisions that clients require are:

- ▶ Corporate consolidations, mergers, and acquisitions
- ▶ Focus on core competencies within any organization
- ▶ Intense focus on expense management and cost reductions
- ▶ Expanded use of incentive management to drive employee performance toward corporate goals
- ▶ Production and sale of a profitable mix of products to clients
- ▶ Requirements to design and launch new products and services faster and more frequently
- ▶ Segmented channel management programs and profitable sales channels
- ▶ Development of virtual manufacturing and distribution capabilities through the extended supply chain
- ▶ Establishment of operational excellence and lean manufacturing programs to reduce production costs
- ▶ Management of spending on the materials and components that go into finished products
- ▶ Minimized risk and improved management control
- ▶ Process management and quality programs
- ▶ Improved client support, fulfillment, and service
- ▶ More responsive and cost-effective relationships with suppliers

- ▶ Improved time to market through collaboration with design partners and suppliers
- ▶ Better information to employees
- ▶ Collaboration across the Internet

## 8.2 Opportunity identification, qualification, and conversion into a lead

Great opportunities start with strong sales leads. The stronger the lead is, the better your chances are for turning it into an opportunity that IBM will pursue.

In many ways, effective funnel management (prospect base and opportunity pipeline) is at the heart of sales excellence. To do it well means to focus on those opportunities that represent a high probability of resulting in profitable business. Without a disciplined methodology for identifying the right opportunities to pursue, resources are wasted on opportunities that are not likely to result in profitable business.

When developing your ideal client profile, first focus on the demographics or “hard data” of your most profitable clients. This may include company size, industry, geographic location, compatibility of your product, or budget. It is also important to consider the attitude and values of your best clients: company culture, propensity to take risks, perception of quality versus quantity, etc. By combining these two sets of characteristics, you will find that you’ve pieced together the ideal profile of the prospects that you should pursue first. This leaves you with a shorter list of opportunities. However, this list will allow you to achieve a much higher level of success with the least amount of time and effort.

Managing a *swift funnel* also requires a rigorous understanding of your client’s decision-making process. This means that must know what your prospects are thinking to understand their underlying needs and interests in the sale. Know what makes them say “yes”. To achieve a true win-win outcome, you must make sure that you can create a fit between your solution and your client concept.

**Swift funnel:** This is the process of prioritizing your activity with leads and closing opportunities and then creating new leads.

Effective *funnel management* is a reflection of your ability to consistently identify the right opportunities and to understand the true needs of your prospects. As a result, you will be able to keep your funnel moving and win more business while creating value where it’s needed most.

**Funnel management:** This is the process of qualifying and prioritizing activities with prospects that leads to closing opportunities.

A *strong lead* is a potential opportunity where the client's vital signs are strong and will favor IBM. An opportunity's *vital signs* are good indicators of the likelihood that your prospect will take action to buy. The vital signs are:

- ▶ A compelling reason to act: There is an acknowledged business urgency to pursue.
- ▶ An IBM unique value: The prospect perceives a differentiation in our relationship and solution approach that meets their needs better than anyone else's.
- ▶ Support of the key decision leader: You have access to and support of the key player who can make things happen.
- ▶ Client benefit value: The prospect perceives high benefit from this solution approach.

Clients want an on demand business strategy that leverages people, processes, relationships, and technology infrastructure to achieve their revenue goals and expense reductions. The economic pressure to become a performance-driven enterprise is present and growing in all industries today. The performance-driven enterprise will continue to invest in strategic technology infrastructure and process-oriented applications that support key initiatives and help them gain a competitive advantage.

At this stage of the cycle, the Solution Advisor needs to concentrate on the key activities that are presented in the following sections.

### **Preparing with prospecting and demand-generation activities**

Calling on new clients or accounts in prospecting and generating demand requires the Solution Advisor to develop or maintain proficiency with:

- ▶ Industry trends
- ▶ Terminology
- ▶ Directions and issues

Focus areas preselected by industry or brand, such as Must Win Growth Initiatives, give sellers a direction for this crucial preparation. All sellers should:

- ▶ Be conversant in IBM points of view, based on our research and experience with business issues
- ▶ Maintain an appropriate level of proficiency with current IBM solutions

Sellers that use lead generating strategies and events are often more successful in developing a list of prospects to begin their opportunity identification efforts.

### **Getting to know your client**

Territory planning helps you to become more familiar with your client set and the possibilities for IBM partnership and solutions to address client needs. Territory accounts should use the identified preferred routes-to-market to increase overall productivity and client satisfaction. Effective deployment of Direct TeleWeb, ISVs, and systems integrators requires that Team IBM be familiar with:

- ▶ Scope of the territory
- ▶ Targeted accounts
- ▶ Specific solution areas, such as CRM, SCM, business to business (B2B), industry, etc.
- ▶ Specific emerging growth opportunities, such as wireless applications, digital media, life sciences, business process integration, Linux, etc.
- ▶ Specific brand challenges, such as Must Win Growth Initiatives

Executive-level business conversations tend to focus on strategy, goals, and business capability rather than technology. Chances of succeeding are better when there is a complete understanding of:

- ▶ The client's business
- ▶ IBM points-of-view: Client scenarios that illustrate how similar business issues have been addressed

## **8.3 On demand business opportunity in the industries**

The Solution Advisor *must* understand the key industries that are driving the on demand business opportunity, industry trends, terminology, and the key IBM plays for those industries.

This section provides an overview of the key industries, including client benefits and IBM key plays that enable an on demand business. It acquaints the Solution Advisor with the industry messages, on demand business benefits, Web sites, and sales aids in the development and transformation of a client's business issues into industry-oriented solutions.

The Solution Advisor should understand the critical industry issues and trends. Their goal is to become a trusted advisor to their clients and build teams using IBM and our Business Partner solutions.

### 8.3.1 Banking industry On Demand Business opportunity

Business as usual no longer works in the banking industry. IBM is helping financial institutions reinvent themselves as on demand companies that sense and respond to market change. The institutions focus on intrinsic strengths and carefully manage non-core processes. They remain resilient while managing risk on the spot.

#### **Benefits for clients**

Financial institutions moving to an on demand business environment should experience:

- ▶ Increased cross sales
- ▶ Improved client insight
- ▶ Integration of delivery channels
- ▶ Improved client service
- ▶ Reduced costs
- ▶ Enhanced ability to develop new products and services

#### **Key plays for banking on demand business**

Some of the key plays for on demand business include:

- ▶ Core banking
- ▶ Customer Relationship Management
- ▶ Branch automation
- ▶ Document and check imaging
- ▶ Business Intelligence (BI)
- ▶ Internet banking
- ▶ Automated Teller Machines (ATMs)
- ▶ BCS On Demand Business workshop

### 8.3.2 Healthcare industry On Demand Business opportunity

The healthcare industry has changed significantly over the last 20 years. The advent of managed care, increased industry consolidation, and more active consumers have all contributed to a dynamic environment. Continuing pressure to contain costs, the ongoing battle for market share, and an evolving regulatory atmosphere ensure that change will be a constant in the future.

On demand business brings new meaning to healthcare. An on demand business healthcare facility is one whose processes connect key stakeholders, suppliers, staff, and payers so that all can respond quickly to any demand or opportunity.

### **Benefits for clients**

Healthcare facilities moving to an on demand business environment should experience:

- ▶ More staff productivity
- ▶ Improved patient safety
- ▶ Increased revenue
- ▶ Greater client retention
- ▶ Greater staff retention
- ▶ Better quality of patient care

### **Key plays for healthcare on demand business**

Some of the key plays for on demand business include:

- ▶ Information on demand
- ▶ Human capital solutions
- ▶ Portal broker services
- ▶ Wireless and mobility solutions
- ▶ Finance and administration transformation
- ▶ Strategic outsourcing
- ▶ Payer services offering

## **8.3.3 Industrial On Demand Business opportunity**

The IBM On Demand Business strategy for the industrial sector is designed to help clients become more competitive in the global marketplace. It's about providing the tools that manufacturers need to be more responsive, focused, cost effective, and reliable.

### **Benefits for clients**

Industrial companies moving to an on demand business environment should experience:

- ▶ Technology investments that are tied closer to business processes and results
- ▶ Technology that becomes more cost-effective to acquire and implement
- ▶ A supply chain that is truly integrated

### **Key plays for industrial on demand business**

Some of the on demand business key plays include:

- ▶ ERP, the backbone solution
- ▶ SCM, CRM, and PLM-advanced applications
- ▶ Wireless and security infrastructure

### 8.3.4 Insurance On Demand Business opportunity

The insurance industry has changed from a largely regulated market to a highly competitive and deregulated market. Success now depends on such factors as client service, knowledge management, multichannel integration, innovation, and cost efficiency. In addition, insurance products are changing. The insurance industry is moving into the financial services arenas and is offering more wealth-creation products.

An on demand business insurance company is one with fully integrated business processes, stretching from end to end across the company, and that can respond quickly to client demands and market opportunities.

#### Benefits for clients

Insurance companies moving to an on demand business environment should experience:

- ▶ Better client service
- ▶ Ease of doing business
- ▶ The ability to introduce new products and services faster with greater success
- ▶ The ability to support new products and markets with a flexible infrastructure that scales rapidly to meet market demand

#### Key plays for insurance On Demand Business

Some of the key plays for On Demand Business include:

- ▶ Business Transformation
  - Express portfolio
  - Start Now solutions
  - Business consulting and workshops
  - Insurance Institute for Traffic Safety (IITS; packages software approach)
  - BI
  - Designing flexible organizations
  - Industry specific solutions, Small to Medium Business (SMB) Solution Map
- ▶ Operating Environment
  - IBM @server and Storage
  - Integration middleware, WebSphere Business Integration
  - Resilient infrastructure
  - Open systems (Linux)

- ▶ Flexible Financial and Delivery Offering models
  - On demand hosting
  - Storage on demand
  - Application hosting for various ISVs
  - Total usage financing

### **8.3.5 Life sciences On Demand Business opportunity**

On demand business is about addressing the business issues that enable life sciences companies to become more productive, where deep analysis can turn data into life-saving insight.

#### **Benefits for clients**

Life sciences clients moving to an on demand business environment should be able to:

- ▶ Reduce the costs of IT infrastructure and improve asset utilization
- ▶ Migrate from a fixed cost to a variable cost business structure
- ▶ Increase efficiency and eliminate IT complexity, allowing researchers to focus on core activities
- ▶ Increase productivity with processes that are responsive to new opportunities
- ▶ Improve collaboration and resilience in a 24x7 environment; repel threats and adapt to technical advancement

#### **Key plays for life sciences On Demand Business**

Some of the on demand business key plays include:

- ▶ Discovery on demand
  - High Performance Computing (HPC) and storage on demand
  - Long-term records management on demand
- ▶ Clinical development on demand
  - Electronic data capture on demand
- ▶ Regulatory compliance on demand
  - Document management on demand
- ▶ Business management on demand
  - ERP on demand

### 8.3.6 Retail On Demand Business opportunity

Solutions for On Demand Business can help retailers positively affect their bottom line and successfully compete in the marketplace, using products that include enabling IBM infrastructure.

#### Benefits for clients

Retail businesses moving to an on demand business environment should have the ability to:

- ▶ Motivate shoppers, build loyalty, increase wallet share, and streamline store operations to grow top-line revenues
- ▶ Boost employee and store manager productivity, retention, and performance using mobile tools to help them make better decisions on scheduling and training
- ▶ Improve margins through higher inventory turns, optimized pricing, and reduce costs by collaborating with key suppliers and internal departments

#### Key plays for retail On Demand Business

Some of the on demand business key plays include:

- ▶ Client-centric retailing  
Connecting stores to headquarters drives WebSphere Application Server or Portal, IBM Technology Services (ITS), Cisco or other wide area networks (WAN), POS, Kiosk, Digital Media, and wireless
- ▶ On Demand Business Workplace  
Drives WebSphere, Lotus, Kiosk, PCs, thin clients, and IBM @server xSeries® for access to human resources (HR), training, pricing, inventory, and key performance indicators
- ▶ Trading partner collaboration  
Drives core ERP, merchandising, forecasting, and replenishment on IBM @server systems and WebSphere Business Integrator, using IBM Global Services

### 8.3.7 Service On Demand Business opportunity

The right technology can help service industries better serve their clients and realize tangible productivity gains. On demand business helps service businesses be responsive to client needs and stakeholders expectations. It helps them to focus on acquiring new clients while servicing existing relationships. It also helps them to adapt to growing and changing business environments.

### **Benefits for clients**

Service industries moving to an on demand business environment should be able to:

- ▶ Increase productivity and work product quality while lowering the cost of doing business
- ▶ Communicate and collaborate more quickly and effectively with clients
- ▶ Ensure client data is always available, secure, and safe
- ▶ Streamline overall IT management and boost staff productivity

### **Key plays for service industries On Demand Business**

Some of the on demand business key plays for the service industries include:

- ▶ Document management
- ▶ Knowledge management/information on demand
- ▶ Litigation tools
- ▶ Financial and accounting applications
- ▶ Portal, Internet, and extranet
- ▶ Compliance
- ▶ ERP, the backbone solution
- ▶ SCM, CRM, and PLM-advanced applications
- ▶ Wireless and security, infrastructure

## **8.3.8 Wholesale On Demand Business opportunity**

An on demand business wholesale distribution company enables streamlined business controls so that resources can focus on differentiating activities. This business can respond rapidly to end consumer safety issues and conform to government regulatory requirements. Also, the business establishes a framework for real-time business performance management, business risk management, content management, and data integrity.

### **Benefits for clients**

Wholesale companies moving to an on demand business environment should be able to:

- ▶ Optimize inventory to maximize their service level while minimizing carrying cost
- ▶ Maximize profitability by identifying profitable and unprofitable clients and product lines so that they may take action
- ▶ Increase profits by quickly identifying and responding to changes incurred from economic conditions, clients, suppliers, or even the weather

- ▶ Increase revenues by increasing client loyalty and high client satisfaction through operational excellence
- ▶ Reduce operating costs by streamlining business processes through information sharing and collaboration with key suppliers, clients, and internal departments

### **Key plays for wholesale On Demand Business**

Some of the key plays of on demand business for wholesalers include:

- ▶ ERP, Business Management System (BMS)
- ▶ SCM, BI, and CRM
- ▶ Wireless and security

### **8.3.9 Additional details and tools**

For more information and to work with some of the tools to build industry skills, the Solution Advisor should visit the following Web sites:

- ▶ Sales Compass (requires an IBM ID to sign on to this Web site)  
[http://www.developer.ibm.com/partnerworld/pwhome.nsf/weblook/pe\\_sc\\_index.html?open](http://www.developer.ibm.com/partnerworld/pwhome.nsf/weblook/pe_sc_index.html?open)
- ▶ Industry Support Kits  
[http://www.1.ibm.com/partnerworld/pwhome.nsf/weblook/smb\\_selling\\_ebodkits.html/](http://www.1.ibm.com/partnerworld/pwhome.nsf/weblook/smb_selling_ebodkits.html/)

## **8.4 Setting the client expectation of business value with IBM solutions**

To set realistic client expectations, it is imperative to see the world through the client's eyes. On demand business sellers need to understand the client's industry, their business and requirements, how IBM Solutions resolve their business challenges, and the specific business value that IBM solutions provide.

The fact is that IBM is not providing solutions for itself but for clients, so *remain objective* in your view of how clients see IBM. It is imperative to understand the client's perspective on the business value that IBM brings to their business. How do you obtain this information? Simply, take time to ask your clients directly. Most clients will freely apprise you of their thoughts about doing business with IBM and their view on the value that IBM can provide to their organization. This information is now knowledge for you to use to improve and exceed your client expectations.

To help understand the client, employ the following principles:

- Ethical business practices provide lucrative returns for both you and IBM.

Clients really appreciate your honesty throughout the entire sales cycle. They understand that there will be times, although certainly not the norm, when there are activities and policies through which they will need to navigate to obtain a good business relationship with IBM.

When you approach these situations in your client engagements, do not imply that these activities are trivial. Rather, establish a clear and detailed roadmap with the client and explain the process that will be followed to overcome the issues. Verify that the client understands what needs to be done each step of the way. Consistently use checkpoints to understand where the client is in executing the process.

- Do not assume that clients have a good understanding of the business value of IBM solutions.

It is human tendency to think that because you are familiar with IBM solutions, your clients are too. It is safer to assume that explanations of IBM solutions and the business benefits are necessary and then provide the client with the option of indicating that the details are not needed.

Provide clients with adequate information, demonstrations, and references of IBM's solutions. If you don't do this, many clients will not bother to invest time away from their busy schedule to seek the information. Instead, they will simply invite the competitor who provides an unambiguous explanation and presentation of their solutions and business value.

- Know your competitors well.

You and your competition are vying for the same business in the same marketplace. Clients have more options now than ever before. Clients from a particular marketplace may choose a competitor instead of IBM or vice versa.

For market segments that choose the competitor, it is crucial to understand and identify what the competitor is doing to appeal to these clients. Then use this information to your advantage. Usually, IBM solutions have the same business capabilities and benefits, and often times many more.

- Make specific commitments to your client and exceed on your promises.

There are many factors outside of your control that can prohibit you from delivering on your commitments to the client. Therefore, it is critical to inform the client as soon as possible if there is such a situation. Then provide a well-thought out plan to resolve the unforeseen issue. Clients appreciate honesty and most will provide latitude for correction.

### **8.4.1 Identifying client pain areas**

The first step in identifying client pain areas is to discuss with your point of contact the problem that they want to solve. Does the client have resources that are being under utilized? Do they have a Web site that has been flooded with traffic? Where can we help the client?

After you determine what problem the client is looking to IBM in help solve, move toward identifying their pain areas. Discuss with the client what is keeping them from reaching their goals or causing their company problems. Then engage someone in authority in their IT department to begin identifying their pain areas.

Does the client's IT department have too little computing resources, or do certain areas have an abundance of resources and others too few? Is the problem with their network or in raw computing time? Maybe the problem is neither, and instead lies with input/output (I/O) access to their disk farm. Identifying these client pain areas is a definitive first step in helping the client decide on an IBM On Demand Business solution.

The client may have pain areas that lie elsewhere in their enterprise. For example, the client may have billing problems or problems concerning staffing or applications. The goal is to identify these pain areas to maximize the client's satisfaction and generate as much revenue as possible from the client.

### **8.4.2 Identifying the client's intended strategic direction and business goals using the Signature Selling Methodology**

The Signature Selling Methodology (SSM), which supports the sales process, is Team IBM's common approach to client interactions. SSM helps on demand business sellers create value for clients. It is designed to supplement and compliment, but not replace, the skills and selling styles of Team IBM.

SSM re-enforces the planning, executing, and managing of sales through seven selling stages. These stages are mapped to seven client buying stages, which includes developing the strategic direction of business goals of their organization. The SSM stages are used as reference points to indicate where the client is in their buying process and where IBM is in the selling process. Creating a buying vision and energizing the sales process occurs primarily in stages one through three of SSM.

In stage one of the client's buying process, clients evaluate their business vision, environment, and strategies. To identify the client's vision and strategies, the on demand business seller has to build the relationship through understanding the client's business environment, processes, and issues.

In stage two of the client's buying process, clients refine their business strategies and initiatives. The responsibility of the on demand business seller at this point is to leverage the derived relationship-building interactions to explore opportunities with the client.

In stage three of the client's buying process, Team IBM must establish the business capabilities that the client needs and that the client has positively recognized. The on demand business seller should then articulate IBM's capabilities and qualify the opportunity further while the client evaluates options.

### **8.4.3 Mapping of IT solutions in line with set business goals**

Gone are the days where companies purchased and implemented technology because it was the latest on the market. Today, IT solutions are considered and bought only if it is in line with the company's business objective and can provide the organization a competitive edge in the marketplace. The IT organization is now generally involved in most large-scale plans in the organizations.

The on demand business seller must be careful and meticulous when recommending IBM technical solutions that resolve a client's business issue that feeds into a business objective. Team IBM should have a clear understanding of the following areas before recommending the appropriate IBM solution. It is also understandable that this information may be practical to obtain for all opportunities:

- ▶ Company's vision
- ▶ Company's primary business goals and objectives
- ▶ Company's key operating goals and initiatives for the current year
- ▶ The business unit goals and objectives
- ▶ Timeframe for implementation completion

After understanding this information, the on demand business seller should assemble a team within IBM (Team IBM) that is knowledgeable and has experience in resolving similar client business challenges. Team IBM works together and recommends a solution that supports current and future business goals, as well as maximizes the benefits of the existing technology.

Companies compete in the marketplace by an ongoing investment in leading-edge technology, the integration of solid technology into their existing work practices, or both. Smart growth and better use of technology to directly support the company's needs give the on demand business seller the chance to identify additional opportunities to fulfill the client's goals. Achieving these business goals through IBM solutions is a critical factor for future growth of our clients and IBM. If our clients are successful using IBM technology, by extension IBM will be successful.

#### 8.4.4 IBM technical resources

The technical resources available from IBM to help architect the solution during the pre-sales cycle are many and varied.

IBM's help desks and phone support are extensive and invaluable in designing solutions for clients. One example of this support is IBM Techline. Techline is a group of IBM professionals that provide phone support to IBM and non-IBM sales representatives for the purpose of helping them to sell more IBM solutions. They can be engaged for pre- and post-sale discussions concerning IBM solutions and technologies. You can also arrange for conference calls with a Techline representative and your client. By using Techline as one of the tools to design the on demand business solution, you save time and optimize your solution design.

IBM's corporate Web pages have an extensive collection of online technical, installation, and service manuals. One resource that provides tremendous assistance in your sales cycle is the IBM Redbooks Web site:

<http://www.redbooks.ibm.com/>

This Web site provides an extensive library that consists of technical manuals and IBM Redpapers that discuss all types of IBM solutions and technologies. You can use these resources to research your solution and provide your client with excellent how-to product documentation so they can understand, at a low level, how your solution might work. The IBM Redbooks Web site can be an invaluable on demand business resource for answering your client's questions or helping you to design your on demand business solution.

You can also consult experts within IBM who can assist in helping address client concerns about your on demand business solution. For example, you may want to engage IBM Global Services to send a systems engineer on site with your client to discuss implementation and installation issues. By engaging them in the pre-sales cycle and having them implement and maintain throughout the post-sales cycle, you can have a consistent presence to help explain and implement your on demand business solution.

Furthermore, by including service offerings from IBM Global Services, you help to generate additional revenue streams to IBM Global Services via your solution. You also help to ensure a more comprehensive on demand business solution.

### 8.4.5 Proposing the solution

After you create a proposal for how IBM can help solve the client's problem or problems, you are ready to present a low level (but not technical) presentation of the solution to the client.

Your proposal must consist of all the hardware, software, and services pieces that you consider crucial to the solution. You must also be aware of your client's budget and the scope of the solution.

For example, a client may be on a tight budget and have only adequately skilled employees available to implement the solution. In this situation, you want to articulate IBM Smooth Start Services to help the client get up and running with the solution. Be conscious of the viability of this offering within the big picture. If the client is on a tight budget but needs to implement the solution immediately, Smooth Start Services should be a requirement. However, if the client is on a tight budget but has ample time for implementation, Smooth Start Services should be mentioned as an option, not a core piece of the offering, for the client to consider.

IBM has many options concerning financing, business consulting, and learning services for skill enhancement for you to consider as part of your final solution.

Ultimately, use both your knowledge of the solution to assemble your proposal and your knowledge of the client. Choose and highlight the pieces of the solution that you consider crucial to solving the client's problems. Mention lesser alternatives and alternate courses of action available from IBM that may further assist the client.

### 8.4.6 Identifying costs, responsibilities, and critical factors

This step consists of:

- ▶ Identifying the associated costs for hardware, software, services, and maintenance
- ▶ Determining who is responsible for implementing these technology pieces
- ▶ Identifying the critical factors associated with integrating all of these pieces

First, identify all of the associated costs. For hardware, all of the costs may not be up front, because the standard warranty periods on most systems ends long before the client has finished using them. It is important to obtain a target price for monthly or extended hardware maintenance and present it to the client so that they can effectively plan for these costs within their enterprise.

Do the same for software. Many software packages are bundled with a maintenance period where the client receives free upgrades and technical

support. However, when this standard package expires, the client may continue within the program for additional fees. You communicate this up front.

If services are part of the solution, be sure that all associated parties understand which services at what cost are going to be delivered to the client. Make sure to communicate this message to your client.

Similarly, you must determine who is responsible for implementing various software, hardware, and service elements of your solution. For the hardware, determine whether the client will set it up or if IBM will install it. If it is client setup, be sure the client is aware of this, and that they are comfortable with the idea of being responsible for hardware installation. If they are not comfortable with being responsible for hardware setup, IBM offers such services as Smooth Start to set up hardware.

If there are software elements to your solution, determine who is responsible for the installation and configuration. It is important that IBM representatives, Business Partners, and the client understand the responsibilities that accompany the software purchases that are being approved.

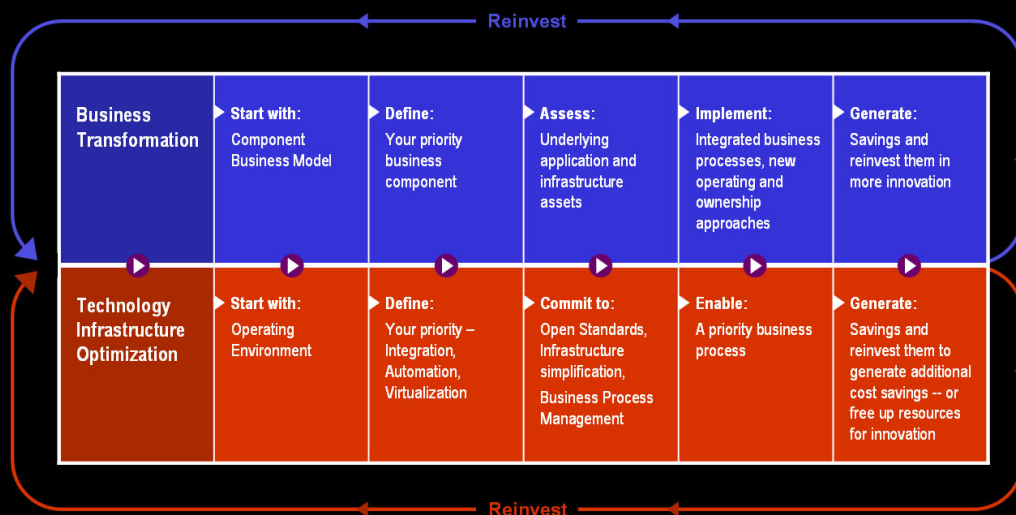
Client participation in this step is critical. For example, a system that is going to be installed will be attached to an existing storage network within the client enterprise. This storage network may be owned by a department within the client company that has strict protocols for adding additional servers. Also, it's conceivable that the department with which you are working may not be aware of these issues. You must pursue every aspect of the solution in how it needs to interface with the current client IT infrastructure and business processes.

Finally, the core piece of identifying the critical factors of the solution lies with identifying the peak points of your client's expectations.

#### **8.4.7 Following the On Demand Business roadmap**

It is important that the on demand business seller schedules meetings with the client and Team IBM to determine the client's business requirements, where the client is on the on demand business roadmap (see Figure 8-1), and where they want to go. In regard to business needs, Team IBM can now execute a high level solution mapping to the on demand business roadmap. That is, we can resolve the client's business issues in line with their business transformation, business processes, or on demand operating environment. Where the client enters the on demand business roadmap and where they want to take their business determines the appropriate solution.

## Where You Start Depends on Your Priorities



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Figure 8-1 The on demand business roadmap

Refer to Chapter 7, “Mapping the IBM offerings to solutions for IBM On Demand Business” on page 83, for additional information.

### 8.4.8 Preparing the proposal

The on demand business seller should create proposals that clearly demonstrate to the client that IBM understands:

- ▶ The business problems that they are trying to solve
- ▶ That the solution that IBM is proposing will solve those problems

This skill includes the ability to perform the following activities:

- ▶ Develop an effective proposal strategy that responds to client requirements, issues, and priorities. The strategy must also address IBM's strengths and reflect an understanding of the client's conditions of satisfaction and fulfillment.
- ▶ Create proposal content that implements the proposal strategy and is easy to understand. This includes the effective use of techniques, such as theme statements, visuals, summaries, and proposal insert materials.
- ▶ Create a professional document that presents a positive branding image and is easily recognizable as an IBM proposal.

A successful approach to preparing business proposals is to make the content *client-centric*. This means that the client should feel that the proposal is written *to them* rather than *down at them*. The entire contents of the proposal should revolve around the client's needs.

To help write proposals that place the client in the center, begin by answering the following questions.

- ▶ What is the business challenge?  
State the client's business issue or issues in one or a few sentences. If you are struggling to do so, you may not have a clear understanding of their requirements. There is no point in proceeding until you obtain clarification from the client on their business needs.
- ▶ Why does this business issue need for us to resolve it?  
Determine with the client the specific reasons for seeking a solution for their business challenges. By doing this, you can document this information and demonstrate in the proposal the quantifiable business impact of IBM's solution.
- ▶ What business goals must be accomplished?  
There are three different goals to address:
  - *Strategic goals*: These include such issues as human resources (HR) strategies, building brand recognition, mandatory government legislation, marketing drives, and responding to public perception about the agency's product or services.
  - *Business goals*: These address how to increase productivity, become more efficient, streamline operations, automate business process, and leverage product lines.
  - *Technical goals*: These goals encompass aligning business and technical processes, improving quality, enhancing products, and using emerging technologies.

To assist in identifying long-term objectives, such as business expansions, new product lines, or references to competitive threats, of the client, visit their company Web site and download the most recent annual report. Knowing this information can give you an inside track into their strategic business drivers. When you understand these goals, you can write your proposal from a position of strength, which gives you an immense advantage over your competitors.

- ▶ What business challenges have the highest priority?

Document all of the client's issues and objectives. Rank the top five in order of priority and write your response based on that order.

- ▶ Which products or services can achieve these goals?

After you know and document the client's top five goals, use Team IBM and industry and technical resources to map the client's goals with the recommended IBM solution. Document the mapping clearly in the proposal in a client friendly manner.

- ▶ What results can follow each of your recommendations?

The recommended IBM solution needs to be verified with credibility, using market research, survey, analyst reports, etc. Be careful not to use absolute statements in your proposal unless you are positive that IBM can support the claims. Remember, a proposal is a legally binding document. Consider covering the following areas:

- Why the technical resources that you are recommending are the best qualified to implement the recommendations in the proposal
- How the recommendation or recommendations help the client attain their most important goals
- Barriers to implementing the recommendations
- IBM client references who have successfully implemented the recommended solution
- The costs involved in achieving the client's goals and the estimated project timeframes
- The consequences if the client chooses not to act on these recommendations in the proposal

When you have completed the proposal, step back and verify that the proposal is clear. Try as best as possible to complete the first draft of the proposal well before the delivery deadline date. Set it aside for 24 hours and then read it again. If you are unclear about some sections, note the location and plan a re-write. This provides the opportunity to modify the proposal before you deliver the final version to the client. After you send the proposal to the client, solicit them for feedback.

### **8.4.9 Presenting finance alternatives if required**

Many clients find that financing their information technology solutions offers many advantages in both robust and difficult economic climates, because financing frees up their capital for other investments. Many information technology installations, including those for CRM, data mining, and on demand business, require a substantial investment.

Today, clients expect more from IBM as they look to us and our competitors for end-to-end IT solutions and services at the lowest possible cost and the highest return on investment (ROI). When it comes down to offering the best total solution, IBM Global Financing is one of IBM's most powerful weapons, offering benefits that few rivals can compete against. IBM Global Financing enables clients to pay for their new technology in affordable, monthly payments during the life of the project.

IBM Global Financing offers financing for the full range of IBM and non-IBM hardware, software, and services. In addition, IBM Global Financing finances refurbished IBM hardware, as part of a client's total solution, through Asset Recovery Solutions. In addition to working directly with clients, IBM Global Financing works with IBM Business Partners to provide financing for their clients and to help them build their own businesses.

IBM Global Financing can assist and provide solutions in the following areas:

- ▶ Asset management
- ▶ Leasing and lending
- ▶ International financing
- ▶ Remarketing or refurbishing

### **8.4.10 Responding to common client objections**

Some clients can be reluctant to do business with IBM based on past experiences or hearsay. In the past, when a client contracted with IBM, IBM may have appeared to be doing business with 160 companies. Hardware, software, and services offerings differed from country to country (region to region). And support structures also differed from country to country (region to region).

Although all of these past issues have not been resolved, many have. If you properly identify the opportunity and involve the Sales Support Center, the odds of delivering a solution to the client's satisfaction increase dramatically.

To overcome many objections, leverage IBM's own global transformation experience. IBM has solved the problem with operating both locally and globally. If you encounter client objections that you cannot address, contact an IBM Sales

Support Center (SSC) for assistance. Resources from the SSCs have experience with many opportunities and can address the client's concern.

Table 8-1 list common client objections and how to address them.

*Table 8-1 Common client objections and how to address them*

<b>Objection</b>	<b>What to do or say</b>
When I do business with IBM, it's like doing business with 160 different companies.	In the past, IBM had a cumbersome global sales process. However, that process has been extensively refined and streamlined so that clients can work with a single opportunity owner.
The account team in the United States promised us that certain capabilities would be available worldwide, but the IBM specialist we spoke with at our European headquarters said that the capability was not available there.	Some services capabilities may not be readily available in all countries (regions), but IBM will make every effort to meet global clients' requirements by obtaining resources from other countries (regions) or subcontracting to IBM Business Partners.
Your prices vary from country to country (region to region) for essentially the same product.	Tariffs, taxes, labor rates, import duties, and other cost variables account for pricing differences. The SSC can help in explaining these differences to your client.
Does my company have to order IBM products within the country (region) that they will be used?	IBM has a centralized ordering process available. You can order your products centrally, but they will be purchased locally to ensure that your warranties and service are intact.
Will I get consistent service levels internationally?	IBM has developed a world-class service organization and has a worldwide set of services offerings available. There may be instances where service delivery varies. Just as in remote areas of your own country (region), remote areas around the world may not deliver service in exactly the same way. Be sure to review any variances with the client in advance.
Why can't I buy the products at my headquarter locations and then ship them internationally to other locations?	This sounds like a simple solution but actually creates numerous problems. This may void warranty service by transporting products out of the country (region) in which they were purchased. Additionally, excessive import duties and shipping charges may be incurred.
My company has been operating locally forever and it seems to work. The last thing I want to do is have one central IT office that makes decisions for the entire global organization.	Although a centralized IT structure may not be wanted, perhaps having common systems globally would be an advantage. In this situation, each IT infrastructure is managed locally, but they all use the same components. This can help control pricing and streamline services.

## 8.5 Responding to the competition

All sales people face competition. If you don't have any competition at the moment, then count your blessings. But if your solution (product or service) is a good one, you soon will have competition, not that competition is all bad. In fact, it can even help your sale. First, it is easier to get a decision from clients when they have a choice between solution A and solution B rather than between solution A and nothing. Second, competition helps to keep you prepared. Thus, your selling can actually improve because of your competition.

Your competition can help you, providing that you know how to use it. Here are some ways to put your competition to work for you, and beat them at the game of business!

- Learn your solution well.

No matter how much you think you know about your solution, it is possible that you do not know everything. By investigating everyone else, your own vision of the niche that you are trying to fill may crystallize. Obtain as much information as you can from your competitor. Learn about their solution, price, location, promotion, management, and financial position.

Usually, a home business has a particular specialty, an area in which it outshines its rivals. Your solution may be first in quality, but your competition may have a better ad campaign. You may be ahead when it comes to service, but perhaps your competitor beats you in price. Experience the competition itself. The result is an important addition to your knowledge of the industry and of the solution.

- Identify the weaknesses of your competitors.

Determine the strengths and weaknesses of your competitor through an exhaustive and critical examination of their literature and solutions. The most effective way to evaluate a competitive solution is to pose as a client. Call and ask for job rates, delivery schedules, terms of payment, discount policies, warranties, or guarantees. Evaluate your experience, from your initial contact to its conclusion.

You can also talk with the clients and suppliers of your competitor. Find important information such as defects in and dissatisfactions with what your competitor sells or makes. When you know where your competitor is vulnerable, you can concentrate on the superior features that you have to offer. Write down those vulnerable points on paper and your corresponding strong points next to them. If you do not have strong points in those areas, implement them. Play these "trump cards" in your advertising.

- Determine your vulnerable spots.

A careful examination of your competitor's solution and methods can help you determine your own soft spots, those points at which you are vulnerable. Knowing your weak points forces you to seek ways to improve them or compensate for them.

If they are subject to improvement, for example, poor service, take the extra time and effort necessary to rectify them. If they are not subject to improvement, for instance, your competitor sells a solution with a patented feature that you cannot duplicate, study your solution and find a feature, one that you can put forth as a greater value, that cancels the competitor's advantage. Understanding your weaknesses can help you identify what is unique about your business and help you target what will benefit your client.

- Expect disagreements and objections.

Find out what clients may find objectionable about your solution. Even if they do not tell you directly, you may hear a good line on their objections by paying close attention to the types of questions that they ask you. Make a list of all objectionable claims and write down the facts to refute them.

- Leverage your competitor's strength.

If you know a potential client is seriously considering patronizing your competition, do not interpret that as your cue to give up. Rather, take it for what it is: a legitimate buying signal. The client is interested in buying your type of solution. Your competition may have done half of your work for you. All that remains for you to win the sale is to convince the client that your solution is superior.

- Know what makes your clients buy.

Frequently, a client fails to buy because a business neglects to mention the one consideration that weighs heavily with her or him. It is not always easy to determine what that factor is, but there are various clues to look for. One of the best clues is what your prospect says about your competition. Often, a prospect drops references to your competitor that are almost as good as a blueprint of his or her particular desires.

For example, if the prospect mentions that Competitor A offers a similar solution for less money, then you know that this prospect's hot button is money. That is your cue to either come down in price if you can, or explain how your solution will save the prospect money in the long run.

- Be enthusiastic and self confident!

Whenever you find your enthusiasm waning for your own solution line, visit the competitor. Make a critical comparison between solutions. By the time you leave, you may be enthusiastically resold on your solution. This enthusiasm will carry over to your advertising and, ultimately, to your clients.

- Improve your closing techniques.

Frequently, a prospect is undecided between your solution and that of a competitor. Your job is to tip the scale in your favor. One man who owns a home-based advertising service devised this approach: He hands his prospect a pen, lays a sheet of paper in front of him or her, and says, "Here's a list of what you'll receive from our service. Would you mind checking off the things that you will be receiving from the other source that you are considering?"

Aside from learning a lot about his competition through this technique, this man subtly forces his prospect to make his own comparison between the two services under consideration.

- Learn from the mistakes of others.

Every sales person should learn from his or her mistakes, but you can also learn from the mistakes that your competitor makes. Maria R. runs a house cleaning service. She received a call from a new client requesting her service, who was using one of Maria's competitors and had become dissatisfied with the other company's service. The new client complained to Maria that the competitor did not come every week, as contracted, and neglected to clean some areas of the house. In other words, they did a terrible job.

Not only did Maria win the contract, but she became more diligent about serving her other clients, learning that a less than excellent job can lose clients. Maria's competitor helped Maria's business a great deal.

- Be on the lookout for good ideas.

Good ideas are everywhere, if you know where to look. If it is true that you can learn from a competitor's mistakes, it is equally true that you can benefit from a rival's successes. This does not mean that you should be blindly imitative. It means that you should be alert to ideas that can stimulate your own thinking.

How, precisely, can you adapt Competitor A's successful use of direct mail? What can you learn from Competitor B's computerization? What is the logical extension of Competitor C's use of client surveys?

Such questions as these will stir your own creativity, and some of the answers will amaze you. A new look at your competition as described here will prove what some sales people have always known: Competition, properly harnessed, can work *for* you, not against you.



## Identifying client business problems and requirements

Most prospective clients believe that they have the best and the brightest people working for them, the best strategy, and the best ability to execute. Regardless of the industry, all clients believe some version of this. Obviously, not all clients can be best, but you will find that all are different.

This chapter provides insight into obtaining the information you need to help you understand your client's business problems and requirements. It examines how to determine and understand the client's driving forces, business strategy, technology preferences, and financing preferences. It also explains how to set the client's priorities.

## 9.1 Understanding a client's business strategy

As a Solution Advisor, your job is to go inside the organization and determine how it operates, who holds the purse strings, how things are supposed to work, and how things actually do work. Determine their business strategy. As you work with the client, become a logical member of their organization and an asset to their team.

To determine how your client views its own image and what its business goals are, turn to these publicly available forms of information:

- ▶ Their annual report
- ▶ Their Web site
- ▶ News articles

As you meet with key personnel within the prospective client's organization, you will find that people have different roles, responsibilities, and views. While you are trying to ascertain if they will do business with you, they are making decisions about you as well.

We recommend that you follow the IBM Signature Selling Methodology (SSM), which provides a common playbook for teaming with your client. For information about SSM, refer to:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/pe\\_ssm2\\_rev.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/pe_ssm2_rev.html)

### 9.1.1 Driving forces of the business strategy

As you meet with your prospective client, you need to determine the driving forces within the organization. Typically, these driving forces are dictated by the board of directors in the form of a business strategy. Each individual that you meet with should have different objectives that are related to the business strategy. For example, the executives are concerned about the business outcomes that the strategy will produce. The outcomes will have financial and functional value in the organization. At the departmental level, individuals should have detailed actions that align with and support the overall strategy.

Business plans are created in support of the strategy. In general, organizations spend a lot of time planning long-term, short-term, and departmental strategies that support a solution to a specific problem. In reality, not all plans are implemented. Plans are aborted due to costs, lack of perceived value or benefit, insufficient information, and unattainable time lines.

### 9.1.2 Needs and initiatives of the business strategy

A specific need is what causes a client to follow through on a plan or business initiative. Needs can be articulated in many ways. Examples may be a business problem that impacts the bottom line, an infrastructure issue that impacts revenue producing departments of the organization, or a development tool that is not meeting the needs of a development team. Needs are evaluated (and prioritized) in their alignment with the business strategy and initiatives.

To be an effective Solution Advisor, you must understand your client's business strategy, business initiatives, and needs. For example, an insurance company desires to expand into new markets (business strategy). The executive team has defined that their company will increase market penetration of new accounts by 20% by offering an expanded portfolio of solutions for On Demand Business (business initiative). The IT department needs a higher performing network to support the infrastructure required by the on demand business offerings (business driver and need).

An organization has active and dormant needs. An *active need* supports the business strategy and is explored to support an initiative. A *dormant need* supports the business strategy and specific initiatives, but clients have yet to see how the need can be met. Your challenge as a Solution Advisor is to turn dormant needs into active needs.

In the previous example, the insurance company did not consider new foreign accounts, because they thought that language and currency barriers would prevent them from capitalizing on them. Therefore, selling to foreign markets was a dormant need for them. The Solution Advisor, working with the client's IT department, determines that with the proper infrastructure, they can support multiple languages and currencies. The Solution Advisor can then work with the executive team to help bridge the gap from technical functionality to business need, and turn a dormant need into an active need.

In addition to managing their own needs, clients must either lead or respond to their competitors. Ideally, they are the innovator and come up with the new way or new product in their market. However, if their competitors are first to market, they need to respond appropriately and quickly. For example, a soft drink retailer has recently seen a slow down in sales due to diet trends. Their soft drinks are high in carbohydrates, and consumers are turning to low-carbohydrate drinks. They want to offer a low-carbohydrate option before their competitors do.

This need drives research and development, test markets, marketing, and sales. It was likely overlooked in their long-range planning, but it is a market trend that demands their response if they are to keep pace with their competitors or gain market share.

When clients create their business strategies and initiatives, they look for ways to improve their business, not just maintain a status quo. They want to be more efficient while differentiating themselves from the competition.

Although the examples in this chapter illustrate clear-cut business strategies, initiatives, and drivers, they may not be as clearly or cleanly defined with your clients. It is important that you glean this information from your client and help them develop their plans in the context of on demand business.

The IBM On Demand Business strategy helps move your clients to a breakthrough level. Clients must understand the IBM On Demand Business strategy, have a desire to follow it, and begin the evolution.

While technology is the enabler to attain the breakthrough in the business, it is not as simple as that. At the core of the client's strategy are the clients' business processes. To reach the breakthrough level with the strategy, the processes must be framed in line with business transformation and the operating environment. Your ability to communicate this continuously during client meetings is crucial to your success as a Solution Advisor.

## 9.2 Understanding the client's technology preferences

Businesses everywhere constantly try to find means to overcome new and existing challenges. They look for developing new strategies, innovate and drive to increase productivity, and most importantly evaluate their organizational structure and corporate culture. In doing so, they may also evaluate their IT needs and existing technology to create business flexibility and optimize the IT infrastructure. Therefore, it is important for the on demand business Solution Advisor to understand the clients' technology preferences to design and suggest the right solutions that cater to clients with respect to their business needs and initiatives.

As clients pursue their business objectives, they are challenged by continuous change, rigorous competition, financial pressures, and unpredictable threats. Getting a technology infrastructure that supports a company's on demand business initiatives involves an evolutionary approach whereby existing technologies deployed today within client environments can be used to extract immediate value and benefits to the business. IBM calls this *technology infrastructure* an On Demand Operating Environment.

Clients have told us to evolve their infrastructure. Two key areas of focus have risen to the top as illustrated in Figure 9-1:

- ▶ There must be an increased focus on business flexibility.  
To support horizontal business processes in an organization, clients are increasing their focus on overall flexibility. This leads them to develop the capability to make elementary processes work together seamlessly and quickly. Offerings and solutions that support creating business flexibility are referred to as *integration*.
- ▶ IT environments to support the on demand business capability must be simpler and more manageable.  
Clients are increasingly deploying capabilities that let them repurpose application functionality to support horizontal processes, but that require much more automation and virtualization of resources. Offerings and solutions that deliver on IT simplifications are referred to as *infrastructure management*.

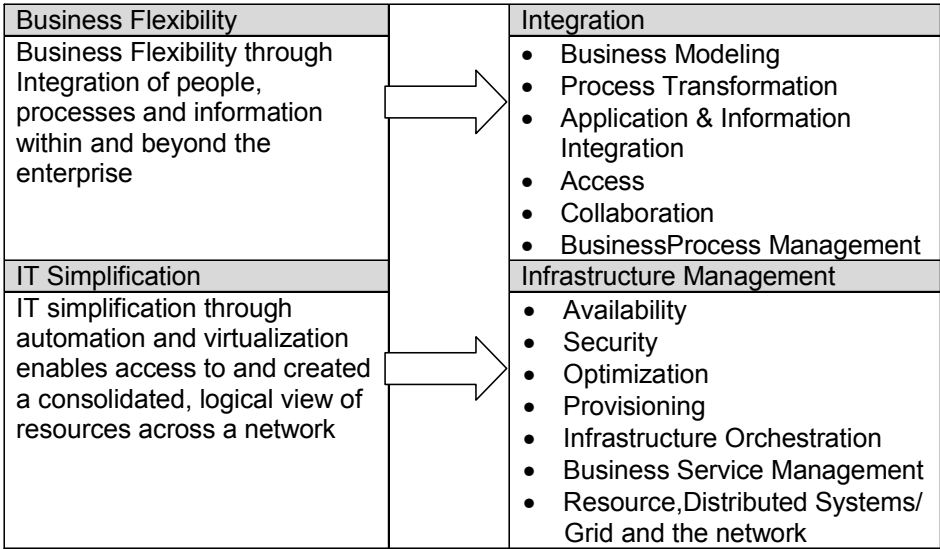


Figure 9-1 On Demand Operating Environment focus areas

Clients today prefer and accept only those technology offerings that fulfill their immediate business needs and objectives.

Integration and infrastructure management are two entry points that deliver the capabilities required of an On Demand Operating Environment. Table 9-1 and Table 9-2 exemplify some of the technology offerings that address these two main focus areas.

Table 9-1 shows the technology offerings that help businesses become more flexible through integration.

*Table 9-1 Technology offerings that help businesses become more flexible through integration*

<b>Integration capabilities</b>	<b>Example offerings</b>
<b>Business Modeling</b> Enables the graphical depiction and simulation of a business process including task descriptions, required resources, and decision points	<ul style="list-style-type: none"> <li>▶ WebSphere Business Integrator Modeler</li> <li>▶ IBM Rational® XDE™</li> </ul>
<b>Process Transformation</b> Existing applications and information to be reused in new ways	<ul style="list-style-type: none"> <li>▶ WebSphere Business Integration Adapters</li> </ul>
<b>Application &amp; Information Integration</b> Enables multiple information sources and business applications to be combined	<ul style="list-style-type: none"> <li>▶ IBM DB2 Information Integrator</li> <li>▶ IBM WebSphere Enterprise Modernization Family</li> <li>▶ IBM Director Agent</li> <li>▶ Integrated xSeries Adapter (IXA)</li> </ul>
<b>Access</b> Access extends data and information to new classes of devices and methods of interaction regardless of connection type	<ul style="list-style-type: none"> <li>▶ WebSphere Portal for Multiplatforms</li> <li>▶ WebSphere Portal - Express for Multiplatforms</li> <li>▶ Mobile Office Entry Jumpstart</li> </ul>
<b>Collaboration</b> Allow users to interact in a personalized way with dynamic information, applications, processes, and people	<ul style="list-style-type: none"> <li>▶ Lotus Workplace</li> <li>▶ IBM Collaboration Portal Offering</li> <li>▶ IBM WebSphere Portal</li> <li>▶ iSeries for Domino®</li> </ul>
<b>Business Process Management</b> Allows you to model, deploy, and analyze processes with the goal of managing the end-to-end business process	<ul style="list-style-type: none"> <li>▶ IBM Business Integration Offering</li> </ul>

Table 9-2 lists the technology offerings that help businesses simplify their IT operations through infrastructure management.

*Table 9-2 Technology offerings that help businesses simplify their IT operations*

<b>Infrastructure management capabilities</b>	<b>Example offerings</b>
<b>Availability</b> Ensures the health and appropriate functioning of IT environment	<ul style="list-style-type: none"> <li>▶ IBM Tivoli Monitoring</li> <li>▶ DB2 Recovery Expert</li> <li>▶ Backup Recovery Media Services (BRMS) for iSeries</li> <li>▶ IBM @server (various models)</li> </ul>
<b>Security</b> Ensures that information assets, confidentiality, and data integrity are protected	<ul style="list-style-type: none"> <li>▶ Tivoli Identity Manager</li> <li>▶ IBM Tivoli Access Manager</li> <li>▶ Tivoli Privacy Manager</li> <li>▶ Wireless Intrusion Detection Services</li> <li>▶ Embedded Security Subsystem</li> <li>▶ IBM @server zSeries® 990</li> <li>▶ Security Health Check</li> <li>▶ IBM Tivoli Directory Server</li> <li>▶ IBM Tivoli Directory Integrator</li> </ul>
<b>Optimization</b> Ensures the most productive utilization of IT infrastructure	<ul style="list-style-type: none"> <li>▶ IBM Tivoli Monitoring for Transaction Performance</li> <li>▶ IBM Tivoli Service Level Advisor</li> <li>▶ IBM TotalStorage® Family</li> <li>▶ IT infrastructure Assessment Services</li> <li>▶ IBM Tivoli Provisioning Manager</li> <li>▶ Capacity Upgrade on Demand</li> <li>▶ IBM @server BladeCenter™</li> <li>▶ IBM Grid Toolbox</li> </ul>
<b>Provisioning</b> Makes available the right resources to the right processes and people	<ul style="list-style-type: none"> <li>▶ Capacity Upgrade on demand</li> <li>▶ IBM Director Agent</li> <li>▶ IBM Tivoli Provisioning Manager</li> </ul>
<b>Infrastructure orchestration</b> Senses, triggers, and responds according to business goals	<ul style="list-style-type: none"> <li>▶ Lotus Workplace</li> <li>▶ IBM Collaboration Portal Offering</li> <li>▶ IBM WebSphere Portal</li> <li>▶ ISeries for Domino</li> </ul>
<b>Business service management</b>	<ul style="list-style-type: none"> <li>▶ IBM Tivoli Business Systems Manager</li> </ul>
<b>Resource virtualization</b> Allows you to model, deploy, and analyze processes with the goal of managing the end-to-end business process	<ul style="list-style-type: none"> <li>▶ IBM Server Consolidation</li> <li>▶ IBM TotalStorage Enterprise Storage Server®</li> <li>▶ All IBM @server iSeries, pSeries, and zSeries models</li> <li>▶ xSeries models 445, 450, and 455</li> </ul>

## 9.3 Understanding the client's financing preferences

Clients are no longer willing to continually invest in computing resources simply to keep pace with changing technology. Today, IT spending must be able to show a proven business benefit.

With IBM Flexible Financial and Delivery Offerings (FFDO), you can help your clients better align their IT resources and spending with business requirements. They can access infrastructure, applications, and business processes based on their needs, with the flexibility to scale up or down. By purchasing IT capabilities as a service, clients can enjoy flexible pricing based on usage.

The benefit of this computing model is clear: Clients are relieved from underused assets and long-term fixed IT costs. They can devote more time to their core competencies and be more responsive to business needs.

### 9.3.1 How IBM helps clients move to On Demand Business

IBM can help businesses become on demand in the following ways:

- ▶ Flexible Financial and Delivery Offerings has broad options for acquiring and managing technology. Clients are provided with the flexibility that they need to run their businesses. While the offerings are designed to facilitate a client's move to on demand business, they can help you sell the capabilities more easily. FFDO helps you make the on demand business vision more real for clients. They can access infrastructure, applications, and business processes based on their needs, with the flexibility to scale up or down.
- ▶ By purchasing IT capabilities as a service, clients can enjoy flexible pricing based on usage.
- ▶ Clients have the flexibility to choose how they access FFDO:
  - Client owned or managed: Clients acquire the offerings, architecture, system designs, and integration services that they need to build their own dedicated computing capacity, and they run it “utility-like” to meet their internal business needs.
  - IBM owned and managed: Clients address business requirements by using services from IBM that leverage standardized business processes, application, or infrastructure components to optimize execution cost and speed.

### 9.3.2 IBM offerings for financing and deploying solutions for IBM On Demand Business

IBM FFDO include innovative industry and application solutions, infrastructure and management services, plus project financing structures and strategic IT procurement arrangements. All are designed to provide clients with increased flexibility in acquiring and managing the technology they need to run their business.

- ▶ *Business and Application Services* delivers the business processes and leading-edge industry solutions clients need as a service. It frees them from management costs and headaches. Plus it allows much faster implementation and quicker return on investment than an in-house implementation.
- ▶ *IBM Infrastructure Resource Management Services* gives clients the provisioning, management, and capacity resources required to lower costs, particularly up-front capital expense. At the same time, the client benefits from IBM management of their IT solution.
- ▶ *Financing Options* include project financing structures. These structures give clients highly customized options for bringing IT initiatives into reach by placing hardware, software, and services under a single financing plan. Financing options can reduce up-front costs and better balance technology payments with benefits over time.
- ▶ *Strategic IT procurement arrangements* offer a strategic agreement that can help large clients achieve a predictable IT expense process. Strategic IT procurement arrangements address fundamental issues associated with building and managing an on demand business infrastructure, including total cost of ownership, improved business utilization, and enterprise-wide integration. IT procurement arrangements allow clients to take advantage of alternatives to owning and managing infrastructure assets outright.
- ▶ *Total Usage Financing* is IBM Global Financing's most flexible financing solution. It enables clients to finance only the capacity they use, and pay as they go. It's ideal for any organization with changing computing needs and the perfect complement to IBM On Demand Business.

## 9.4 Setting client priorities

The Solution Advisor needs a holistic understanding of how businesses operate through industry-specific business processes. They must be able to identify factors that drive business performance. With this understanding, the Solution Advisor will be able to:

- ▶ Identify new opportunities with clients
- ▶ Respond to client-identified issues

- ▶ Articulate the business value of altering processes
- ▶ Link business issues to IBM offerings

The industry trend is shifting from the old “product sell” model to true partnering and risk sharing. Sellers should use research and data to learn about the client’s business needs before they present services and solutions. The Solution Advisor must be equipped to speak to top-level executives in the language of their industry and to partner with them to solve underlying business issues. Selling on demand business requires IBM sellers and practitioners to use the collection of tools and industry-focused assets to engage line-of-business and senior-level client executives in a dialog about their business.

When this is done properly, the result is an issue-based sale that is based on identifying a client need. It often includes more than a product. Although a product (hardware, software) might fill a gap, the issue-based solution can:

- ▶ Identify a gap in business performance
- ▶ Establish the size of the gap

To implement IBM products and services to fill the gap, an IBM issue-based solution sale can include consulting services, software, hardware, outsourcing, financing, legal, marketing, and any of the other products and services that IBM and our Business Partners offer. It is highly likely that the issue-based solution involves transformation of the company’s business processes, because performance gaps are generally caused by business processes that are not optimum. Issue-based solution sales may take longer than straight product sales. However, there is greater potential for the seller to gain substantially more revenue.

Issue-based sales have more extensive sales cycles with multiple stakeholders, buyers, and salespeople:

- ▶ Selling an issue-based solution starts with an investigation to find the problem, rather than trying to identify a want or need. This investigation can expand to encompass other elements as you engage with your clients or prospective clients.
- ▶ It is also likely that the decision makers and influencers of the client will be at a higher organizational level and part of the operations or product organizations. Therefore, solutions sales are more likely to target line-of-business (LOB) executives rather than the IT organization.

To capture an executive’s attention and sell issue-based solutions, you must be able to link IBM solutions to improvements in overall client performance and value. To do so, use a top-down opportunity assessment approach. This approach captures executives’ attention by focusing on those issues that drive performance and create shareholder value.



## Moving the sale forward

In this stage of the buying and selling cycle, the Solution Advisor must overcome any concerns, such as costs, contract terms or specific refinements to the selected solution.

Your focus in this stage is to:

- ▶ Close the sale by making all necessary refinements to the solution
- ▶ Resolve any open concerns blocking the client's final approval
- ▶ Negotiate the final terms and conditions with Contracts and Negotiations and Legal Assistance, if required
- ▶ Prepare the contracts and obtain the signature of both the client and your company

## 10.1 Tools to assist the Solution Advisor

Tools are available to assist the Solution Advisor during this phase of the sale. The tools are the Decision Support Plan (DSP) and the IBM Quick Proposal for Business Partners.

### 10.1.1 Decision Support Plan

The Decision Support Plan enables Team IBM and the client decision leader to identify and remove the remaining barriers to an IBM decision. The value of a DSP is that it can:

- ▶ Build increasing client buy-in and alleviate client concern by identifying and managing risk
- ▶ Help Team IBM manage the sell cycle and evaluation process to create a competitive advantage
- ▶ Provide opportunities for Team IBM to demonstrate unique business value
- ▶ Document and forecast IBM and client resource requirements
- ▶ Identify and address major concerns throughout the organization
- ▶ Help ensure a decision with company-wide support
- ▶ Help ensure that the client realizes expected benefits and return on their investment

To access and download the Decision Support Plan, go to:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/sel\\_ssm\\_dsp\\_desc.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/sel_ssm_dsp_desc.html)

### 10.1.2 IBM Quick Proposal for business partners: Americas

The Americas Techline has designed Quick Proposal (QP) templates to assist you in preparing a high-quality, comprehensive proposal for your sales opportunities. Simply download the QP Content Document and customize it for your specific opportunity.

To access and download IBM Quick Proposal for IBM Business Partners, go to (login required):

[http://www-1.ibm.com/partnerworld/sales/systems/myportal/\\_s.155/250?navID=f220s380&geoID=All&prodID=IBM%20eServer%20And%20TotalStorage%20Products&docID=qppamp](http://www-1.ibm.com/partnerworld/sales/systems/myportal/_s.155/250?navID=f220s380&geoID=All&prodID=IBM%20eServer%20And%20TotalStorage%20Products&docID=qppamp)

## 10.2 Acquiring the client as a reference

Today, organizations are working harder than ever to make their enterprises stand out from the competition. IBM can help leverage the company's accomplishments. Convincing your client to become a reference for your company can bring many competitive advantages.

After you acquire a client as a reference, your company will have proof that the solution has been successfully implemented and can cite your reference as proof. This is useful in addressing client concerns about the viability of the solution that you are providing.

It also allows your company to expand its client base by using the reference that the client gave you in presentations to your client's competitors within the same industry. Finally, the client reference increases the breadth of documented expertise within a given industry and provides your company with increased credibility with your solution in the industry.

More importantly, however, is discussing the advantage for the client in becoming a reference for your company. Every time your company uses the reference in question, it results in additional advertising for the client. Also, once their industry point of view is documented within the reference, it can improve the quality of future solution rollouts.

The benefits of acquiring an IBM reference are:

- ▶ Help from IBM in communicating the success of your IT projects and investments, which can highlight your industry leadership
- ▶ Broader potential exposure through articles in trade and business publications
- ▶ Potential to advance your career with experience from speaking at events and networking with your peers in other companies and industry specialists

By becoming an IBM client reference, a company can showcase its strength and success in a variety of ways:

- ▶ Direct client communication: Establishes new relationships for the client
- ▶ Enhanced media coverage: Opens new doors for the client
- ▶ Effective marketing material: Communicates a client's message
- ▶ Video testimonials: Illuminates a client's achievement
- ▶ High profile speaking engagements: Strengthens a client's marketplace position

### **10.2.1 Contracting work to technical resource teams**

You must contact the various technical resource teams as appropriate to their particular areas within your on demand business solution. For example, part of your solution might include hardware from IBM that is classified as client install, but the client wants an IBM technician to handle the installation. In this case, contact IBM Global Services so that an engineer that is assigned to the account can arrange for the installation of the hardware upon its arrival.

However, the client may be interested in doing the installation themselves, but they lack the proper training. In this case, contact IBM Learning Services to enroll the client in the proper training courses so that they can properly handle their installation.

Finally, the solution may include offerings from various third-party or independent software vendor (ISV) teams. In this case, it is appropriate to get the proper billings from them. Then begin a dialog with them about what is necessary to integrate their offerings with your on demand business solution.

## **10.3 Achieving growth through serving clients: Repeat business and new opportunities**

IBM places significant emphasis on client satisfaction. The result of client satisfaction is repeat business and new opportunities. How do you make your client highly satisfied? There are four simple steps to achieve this objective:

1. Know your client's business requirements and the personal benefits that he or she will derive from the successful implementation of IBM's solution to solve their business challenge.
  - a. Understand the client's industry, business environment, and requirements so that you can identify and relate to the client's issues. The client can derive personal career enhancement (further help to position for promotion, increase credibility in the eyes of their peers, etc.) if the solution is deployed successfully.
  - b. Make it as easy and simple as possible for your client to do business with IBM.
  - c. Listen keenly to the client and apprise them of what they need to know and when they need to know it. Be honest and respectful.
  - d. Provide a single point of contact to IBM. Anticipate and be available as the client's needs arise.

- e. Provide experts from Team IBM (industry and technical resources, solutions, services, etc.) to solve client business issues.
  - f. Deliver on your formal and informal commitments.
2. Know what your client expects.
    - a. Learn your client's specific expectations for your current relationship and transaction. Confirm the accuracy of your understanding with them.
    - b. Influence the client's expectations to match IBM's capability, if needed. Check with your client frequently to see how you are doing or if their expectations have changed. Communicate thoroughly and frequently.
    - c. Use the IBM "Set/Met" and "Conditions of Satisfaction" processes to help you do all this effectively.
    - d. Set realistic time expectations with the client. This provides room for Team IBM if there should be an unexpected challenge that may cause delay for client deliverables.
  3. Deliver a superior client experience.
    - a. Do not procrastinate. Endeavour to exceed your client's expectations at all times where possible. Champion client satisfaction within Team IBM.
    - b. Take personal responsibility. Have or develop a passion for excellence and leverage your interpersonal relationships to delight your client.
    - c. Resolve issues and complaints quickly and effectively. Always seek feedback from your client regarding the effectiveness of the resolution process used.
  4. Close the loop and ask for more.
    - After completion, show your client that you met or exceeded their expectations.
    - If you meet or exceed the client's expectation, you earn the right to ask for additional business and a reference. Reference selling is key to IBM.

## 10.4 Involvement through the life of the project to ensure client satisfaction

In the final stage of the buying and selling cycle, the buyer implements the solution and monitors it against the project plan to validate the solution's success. The Solution Advisor then monitors the implementation of the solution and ensures that the client's expectations are met by:

- ▶ Working with the client to track the solution benefits
- ▶ Managing the implementation activities to meet or exceed the client's expectations
- ▶ Establishing checkpoints with the client to ensure that conditions of satisfaction are met or exceeded and to look for ways to extend client value and create new opportunities

For additional resources that are available to support the client's satisfaction and look for additional new opportunities, see:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/sel\\_ssm\\_vp\\_desc.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/sel_ssm_vp_desc.html)



## Resources, tools, and references

This chapter is divided into the three key plays for IBM On Demand Business:

- ▶ Business Transformation (BT)
- ▶ Operating Environment (OE)
- ▶ Flexible Financial and Delivery Offerings (FFDO)

Although the IBM On Demand Business initiative is focused on three key plays, it is important to assess the current environment to determine the tactical and strategic direction for the client to proceed in their on demand business journey. IBM has developed assessment offerings to assist IBM teams, including Solution Advisors, and clients to determine the correct key play for on demand business to use as the starting point with the client.

## 11.1 On demand business key components resources

Refer to the following publications, learning courses, and assessment tools to learn about the key components of on demand business.

### 11.1.1 Publications

The following books, presentations, and white papers provide helpful information about the key components.

#### Books

- *Helping you make the journey to e-business on demand™*

To stay competitive, your business needs to perform faster, leaner, and more productively than ever before to meet demands and dodge obstacles that barely existed five years ago. On demand business can help you rise to these challenges, with strategies and IT-enabled solutions for your organization, regardless of its size. This guide gives you a quick overview of the history, the benefits, and the how-to's of on demand business.

<http://www-1.ibm.com/services/us/imc/pdf/g510-3460-helping-you-make-the-journey-to-ebod.pdf>

- *Building an On Demand Computing Environment with IBM: How to Optimize Your Current Infrastructure for Today and Tomorrow: Version 1.0P* by Jim Hoskins

This MaxFacts Guidebook describes the three components of the new IBM On Demand Business model so IT professionals can see the big picture and understand how their businesses can benefit. Pros will come away with a new understanding of how to evolve a current computing infrastructure to achieve the flexibility vital to the emerging on demand business world.

#### Presentations

- *Ten Things You Need to Know About e-business on demand, Overview for Business Partners*

This presentation provides an overview of 10 things you need to know about on demand business. It covers what's happening in the market and discusses the clients, their needs and visions, and how to help them become an on demand business.

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/ebod\\_starting\\_edu.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/ebod_starting_edu.html)

**Note:** Access to this presentation requires PartnerInfo access. Your organization must be an authorized member of Systems and Services to access PartnerInfo.

► *Industry Points of View (POVs)*

While the advantages to becoming on demand business are clear, it's not obvious how those benefits apply in a particular industry, or how the IBM Business Consulting Services team of experts is working with companies such as yours, right now, making real, measurable improvements. IBM developed these POVs to pinpoint areas of transformation within an industry.

<http://www-1.ibm.com/services/ondemand/thinking.html>

► *e-business on demand Messaging Summary for Business Partners*

The 2004 Messaging Handbook for On Demand Business simplifies and streamlines IBM's value proposition for On Demand Business, crisply articulates messages that will guide marketing and communication execution across IBM, and grounds our messaging in the most important client needs.

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/ebod\\_starting\\_edu.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/ebod_starting_edu.html)

**Note:** Access to this presentation requires PartnerInfo access. Your organization must be an authorized member of Systems and Services to access PartnerInfo.

► *Creating Breakthrough in the on demand World*

This presentation outlines the critical elements that clients should consider when thinking about where to start in becoming an on demand business. It highlights the three essentials of becoming on demand: business transformation, the operating environment and the business processes that connect them.

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/ebod\\_starting\\_edu.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/ebod_starting_edu.html)

**Note:** Access to this presentation requires PartnerInfo access. Your organization must be an authorized member of Systems and Services to access PartnerInfo.

## White papers

- ▶ *On Demand Business: The executive guide*

Clients are demanding new levels of service. Their competitors are fighting harder for market share. And their stockholders are keeping their eyes on the bottom line. In a world of mounting business pressures, your clients need to constantly find new ways to increase productivity.

[http://t1d.www-306.cacheibm.com/e-business/ondemand/us/pdf/Exec\\_Guide.pdf](http://t1d.www-306.cacheibm.com/e-business/ondemand/us/pdf/Exec_Guide.pdf)

- ▶ *IBM e-business on demand 'manifesto'*

A powerful transformation is taking place. It is powered by on demand business, inspired by new ideas, and based solely in reality. Read how IBM is pioneering new ways to help your company become more responsive, more flexible, and more resilient than ever before.

<http://t1d.www-306.cacheibm.com/e-business/ondemand/us/pdf/manifesto.pdf>

- ▶ *Operating Environment essentials for an on demand breakthrough*

This brief describes how you can turn your organization into an on demand business.

[ftp://ftp.software.ibm.com/software/info/openenvironment/on\\_demand\\_OE4.pdf](ftp://ftp.software.ibm.com/software/info/openenvironment/on_demand_OE4.pdf)

## Web sites

- ▶ IBM On Demand Business Web site

How can IBM help your business? This Web site describes a few of the challenges that companies face in the on demand business world-along with the IBM solutions that will help you meet them.

<http://www-306.ibm.com/e-business/doc/content/lp/issues.html>

## 11.1.2 Education and training

Consult the following education and training resources to help you learn more about the key components of on demand business.

### **Classroom: On Demand Operating Environment Top Gun**

On Demand Operating Environment Top Gun is a sales class focused on this next phase of on demand business. This class covers the three fundamental questions that clients face on the journey to becoming an on demand business:

- ▶ What is an on demand business and why should I become one?  
(Business Transformation)
- ▶ How do I enable my environment?  
(Operating Environment)

- Are there new ways I can acquire and manage IT?  
(Flexible Financial and Delivery Offerings (FFDO) model)

For details about this class, see the following Web site:

<http://www-1.ibm.com/servers/eserver/education/bp/zseries/topgun/ebodtop.html>

## **e-learning**

- Signature Selling Method e-learning

This highly interactive offering is designed to offer IBM Business Partners a fast-paced learning environment with proven sales techniques. Working through an end-to-end sales cycle, you learn how to advance sales, differentiate yourself from your competitors, and increase your selling speed, quality, and volume.

Access is available through PartnerWorld Registration. For details, see:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/mktgsale/tac\\_sel\\_sfela.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/mktgsale/tac_sel_sfela.html)

- IBM Global Financing e-business University for Business Partners On Demand

This Web site offers financial training for IBM Business Partners on how to increase sales by leveraging IBM Global Financing capabilities. For more information, go to:

<http://www.ibmweblectureservices.ihost.com/services/weblectures/dlv/Gate.wss?handler=Offering&action=index&customer=igfbp&offering=igf>

## **Self study**

- The Next Step: e-business on demand

In a taped Webcast, Dr. Irving Wladawsky-Berger, general manager, e-business on demand, laid out IBM's strategy for helping clients become on demand businesses. For access to this Web lecture, see:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac\\_sel\\_ebodats1.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac_sel_ebodats1.html)

- How on demand impacts your business: 5 things you should know

This online presentation describes the five things that you need to know about on demand business: What is it? What can it do for me? How is it applied in my industry? Who's benefiting from it? How can IBM help? You can find it at:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac\\_sel\\_startebod1.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac_sel_startebod1.html)

## Seminar: 'What it takes to be on demand: Enabling applications for business process integration'

To meet the requirements of the on demand era, businesses need to achieve an open, integrated, flexible, and automated computing environment. Integration of existing applications, data, and workforce in building complete, end-to-end, manageable, flexible business processes is essential to such an IT infrastructure. Understanding what it takes to enable your applications to become full participants in this environment requires an appreciation of its benefits, both business and technical value, the requirements, architecture, and technical approaches and solutions that are available. For more information, see:

[https://www.developer.ibm.com/spc/events/on\\_demand\\_en.html](https://www.developer.ibm.com/spc/events/on_demand_en.html)

## Webcasts

- ▶ SMBA Conference Call Series: e-business on demand Sales Tools & Aids for IBM Business Partners

You've heard all about on demand business, but are you and your sales teams comfortable in identifying or pursuing on demand business projects with your clients? This call gives you an introduction and overview of the various sales tools and aids that IBM provides to enable and support your on demand business selling efforts.

<http://www-1.ibm.com/partnerworld>

**Note:** This Webcast requires registration to PartnerWorld, via a user ID and password.

- ▶ Executive presentation from Sam Palmisano (Webcast)

Sam Palmisano discusses the potential and the challenges of on demand business. The presentation occurred at 10:00 a.m. EST on 30 October 2002. You can access the on demand business site map at:

<http://www-306.ibm.com/e-business/ondemand/us/overview/overview.html>

## Report: 'On demand is here. Now.'

On demand business isn't just an idea anymore. It's becoming a reality for governments around the world and companies in virtually every industry. And on 12 November 2003, IBM CEO Sam Palmisano gave a progress report on this continuing transformation. Joining top officers from other industry-leading companies, he talked about how pervasive-and how powerful-on demand business strategies and technologies are becoming. You can find this speech at:

<http://www.ibm.com/ibm/sjp/11-12-2003.shtml>

### 11.1.3 Assessment tools and other resources

Use the following assessment tools and other resources to help you learn more about the key components of on demand business.

#### **Assessment tools**

To help you with the new on demand era, Global Solutions Marketing (GSM) has developed the following on demand business assessment tools:

- ▶ Competitive Advisor
- ▶ Profiler for On Demand Business
- ▶ e-business Collaboration (ebC)

These tools are designed to help you identify how your prepared your clients are for on demand business today and what you can do to help them achieve success in an on demand business world. They allow you to drill down on details with your clients. The components of the tool family allow you to focus on:

- ▶ Demand generation
- ▶ Competitive assessment
- ▶ The state of on demand business readiness
- ▶ The degree of enterprise integration that exists
- ▶ The opportunity to identify degrees of return on investment (ROI)

This family of offerings provides assistance throughout the sales cycle. The on demand business assessment tools are consultative sales aids to help you identify end-to-end solutions and shorten the sales cycle. You can use each tool independently. The tools are available to Sales and Distribution sales teams, Software Group (SWG), IBM Global Services, Business Consulting Services (BCS), IBM Business Partners, and IBM Valuenet Partners. They serve large enterprises as well as small-to-medium businesses (SMBs).

#### ***Getting started with IBM on demand assessment tools***

Use the IBM On Demand Business assessment tools to engage C-level and line of business executives in business dialog on states of on demand business adoption, business process, and industry comparison. The tools help to focus on the client's business issues and map solutions for On Demand Business to the client's business objectives.

These tools are available to IBM Marketing Professionals, Sales Professionals, and Pre-Sales Technical Support Professionals. For more information, see:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac\\_sel\\_atsebod\\_110703.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac_sel_atsebod_110703.html)

### ***Competitive Advisor***

Use this tool:

- ▶ Early in the selling cycle, at stage 1 in the Signature Selling Method (SSM)
- ▶ With clients while building a relationship
- ▶ To identify client pain points and the initial solution

This Web-based expert system helps sellers identify validated leads and opportunities. It uses industry financial benchmarks to walk client executives through a four-step process.

Use Competitive Advisor with CEO, CFO (C-level), or line-of-business executives; clients with 100 employees; and more. For more information about Competitive Advisor, see:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/sel\\_spt\\_compadv\\_desc.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/sel_spt_compadv_desc.html)

### ***Profiler for On Demand Business***

Use this tool:

- ▶ In the early stages of solution identification, at stage 2 in the SSM
- ▶ To enhance an established relationship with the client
- ▶ To help the client identify their current stage of on demand business and the benefits of moving to higher stages

The Profiler enables sellers to provide their clients with a comprehensive assessment that outlines the benefits and opportunities gained by upgrading their on demand business capabilities department by department.

Use this tool when working with line of business and C-level (CEO, COO, CFO, etc.) executives of companies with 100 employees, and others. For more information, see:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/ms\\_ebusprofiler.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/ms_ebusprofiler.html)

### ***e-business Collaboration***

Use this tool:

- ▶ To become focused on specific solutions, at stage 2 or early in stage 3 in the SSM
- ▶ When there is an established relationship with the client or to extend the engagement
- ▶ To use current business process functionality to drive end-to-end solutions

The IBM e-business Collaboration Tool enables a client to identify new areas of on demand business functionality and provide direction on the next steps for solutions for On Demand Business.

The reports from ebC can be used with CEO, CFO (C-level) executives, line of business and operational management across medium to large client enterprises. To learn more about this tool, see:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/se1\\_spt\\_ecollab\\_desc.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/se1_spt_ecollab_desc.html)

## Other resources

### ► BLOG

A blog, short for Web log, is a Web page that serves as a publicly accessible personal journal for an individual. Typically updated daily, blogs often reflect the personality of the author. For a list of blogs, see:

<http://www-306.ibm.com/e-business/ondemand/us/quickread/quickreadarchive.html>

### ► Quick Read (previously called *on demand blog*)

The whole world is talking about on demand business sometimes. They just don't know it yet. This blog has our take on business news and opinion pieces from newspapers, magazines, and sites all across the Web.

<http://www-306.ibm.com/e-business/ondemand/us/quickread/quickreadarchive.html>

### ► On demand directory

On demand business encompasses a wide range of industries, technologies, and expertise. The links on this page help you further explore the possibilities of on demand business. Access the on demand business site map via:

<http://www-306.ibm.com/e-business/ondemand/us/toolkit/directory.html>

### ► General on demand Contact

Contact an IBM representative to learn more about how your company can meet the challenges and reap the rewards of on demand business. You can reach IBM in the following ways:

- Call 1-800-IBM-7080, extension ONDEMAND
- Complete a form the following site. You can also click the Chat Online link at this same site:

[https://www-306.ibm.com/e-business/ondemand/us/ondemand.wss/login?P\\_Formid=1](https://www-306.ibm.com/e-business/ondemand/us/ondemand.wss/login?P_Formid=1)

- On demand glossary

The world of on demand business requires new thinking as well as new technologies. The definitions in this glossary help to explain the challenges and the advantages of the next stage of on demand business. You can access this glossary via the Sitemap link from the IBM On Demand Business Web site at:

[http://www-306.ibm.com/e-business/ondemand/us/toolkit/glossary\\_a.html](http://www-306.ibm.com/e-business/ondemand/us/toolkit/glossary_a.html)

## 11.2 Business transformation

The predictable years are behind us. In today's business environment, industry leaders fossilize, startups hit the top, and constants disappear faster than you can update a Web page. It's turbulent, unpredictable, and filled with opportunity.

How can your company keep up in a fast-moving world? Learn to move faster. On demand business organizations are built for change. Every aspect of the corporation—business processes, pricing structures, legal agreements, facilities, staffing and more—can transform quickly and painlessly to grab opportunities and dodge obstacles. These are not traumatic “turnarounds”, but the continuous change that's a part of everyday life in the on demand business world.

This section covers many of the IBM resources that cover the on demand business play for Business Transformation.

### 11.2.1 Publications

The following articles and white papers provide helpful information about Business Transformation.

#### Articles

Building an on demand business begins by transforming processes and strategy. These articles describe how you can link, synchronize, and evolve your company to work in an on demand business.

- *An insider's perspective*

IBM Global Strategy Leader Robert Dubner discusses the unique benefits that on demand business brings to mid-market companies.

[http://www-306.ibm.com/e-business/ondemand/us/growth/insiders/insiders\\_intro.html](http://www-306.ibm.com/e-business/ondemand/us/growth/insiders/insiders_intro.html)

- ▶ *Privacy is good for business*  
IBM Chief Privacy Officer Harriet Pearson talks about the importance of winning and keeping your client's trust.  
[http://www-306.ibm.com/e-business/ondemand/us/customerloyalty/harriet\\_pearson\\_interview.html](http://www-306.ibm.com/e-business/ondemand/us/customerloyalty/harriet_pearson_interview.html)
- ▶ *Creating “the face of on demand”*  
Lotus General Manager Ambuj Goyal talks about finding value in “the most forgotten part of an organization.”  
[http://www-306.ibm.com/e-business/ondemand/us/teamperformance/ambuj\\_goyal\\_interview.html](http://www-306.ibm.com/e-business/ondemand/us/teamperformance/ambuj_goyal_interview.html)
- ▶ *The machine is dead. Long live the fishnet*  
In 1919, “Taylorism” threatened to turn workers into cogs in a machine. Here’s why it failed.  
<http://www-306.ibm.com/e-business/ondemand/us/teamperformance/history.html>
- ▶ *On demand around the world*  
See how on demand business is transforming organizations in countries (regions) around the world.  
[http://www-306.ibm.com/e-business/ondemand/us/growth/ebiz\\_ondemand\\_world.html](http://www-306.ibm.com/e-business/ondemand/us/growth/ebiz_ondemand_world.html)
- ▶ *Environments for change*  
How important is flexibility to an organization's survival? Just ask the Incas.  
[http://www-306.ibm.com/e-business/ondemand/us/growth/environments\\_for\\_change.html](http://www-306.ibm.com/e-business/ondemand/us/growth/environments_for_change.html)
- ▶ *Experiencing the future: IBM's ongoing transformation*  
Discover the rewards, the challenges, and the lessons we’ve learned in our continuing journey to on demand business integration.  
<http://www-306.ibm.com/e-business/ondemand/us/growth/experiencingthefuture.html>
- ▶ *Face time: Ambuj Goyal*  
Lotus Software’s general manager discusses integration, time to value, and the perils of “the lobster trap”.  
<http://www-306.ibm.com/e-business/ondemand/us/teamperformance/ambuj.html>

► *Managing Business Transformation*

It used to be easy. Big companies stayed big, small companies struggled to succeed, and business models were written in stone. But all that's changed.

Today's business success story is old news by tomorrow's papers. Today's small player is one good idea away from next season's big score. And business "turnarounds" that saved companies in the past require the kind of time, effort, and expense that can easily undermine consumer loyalty and investor confidence.

This guide gives you a top-level introduction to developing a flexible business model, so that you can create a truly resilient company. One that changes continually, to keep ahead of the change all around it. One that habitually looks to the future rather than falling back on the past. One that's ready to compete in a world driven by demand.

<http://www-306.ibm.com/e-business/ondemand/us/overview/biztrans.html>

► *The new CFO: Chief Focus Officer*

An extensive study by IBM defines this new role. It also shows how the new CFO, working in concert with an on demand business infrastructure, plays a critical part in ushering in the next era of on demand business, driving the key attributes of focus, responsiveness, variability, and resiliency.

<http://www-306.ibm.com/e-business/ondemand/us/operations/cfo.html>

► *Orchestration brilliance: Managing innovation in an on demand world*

Managing innovation might seem like an oxymoron, but most truly great inventions today are the result of countless, intricate collaborations. Innovation is now systemic. It arises from complex interactions within a broad portfolio of competencies that include communications, technology, operations, and organizational self-awareness.

<http://www-306.ibm.com/e-business/ondemand/us/innovation/innovation.html>

## **White papers**

► *On Demand Business: The New Agenda for Value Creation*

This white paper helps you to gain fact-based strategic insights around on demand business. This paper is part of an ongoing commitment by IBM Business Consulting Services to provide forward looking industry and business points of view specifically for senior business executives to help companies and industries transform their futures. This paper is one in a series of papers that address critical industry-specific and cross-industry issues.

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac\\_man\\_espebod9.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac_man_espebod9.html)

- ▶ *Helping ISVs take advantage of the on demand opportunity*

Many independent software vendors (ISVs) may be asking: “How is on demand business relevant to my company?” This white paper answers this question by outlining the on demand business market opportunity for ISVs and explaining how ISVs can team with IBM to target this opportunity and help clients become on demand businesses.

<http://www-1.ibm.com/solutions/businesssolutions/doc/content/resource/thought/1038982107.html>

## 11.2.2 Education and training

Consult the following education and training resources to help you learn more about business transaction.

### **Classroom: On Demand Operating Environment Top Gun**

On Demand Operating Environment Top Gun is a sales class focused on this next phase of on demand business. This class covers the three fundamental questions that clients face on the journey to becoming an on demand business:

- ▶ What is an on demand business and why should I become one?  
(Business Transformation)
- ▶ How do I enable my environment?  
(Operating Environment)
- ▶ Are there new ways I can acquire and manage IT?  
(FFDO model)

For details about this class, see the following Web site:

<http://www-1.ibm.com/servers/eserver/education/bp/zseries/topgun/ebodtop.html>

### **e-learning: IBM Global Financing e-business University for Business Partners On Demand**

This Web site offers financial training for IBM Business Partners on how to increase sales by leveraging IBM Global Financing capabilities. For more information, go to:

<http://www.ibmweblectureservices.ihost.com/services/weblectures/dlv/Gate.wss?handler=Offering&action=index&customer=igfbp&offering=igf>

## Reports

### ► *IBM CFO Survey: Current state and future direction*

In September 2003, IBM Business Consulting Services completed interviews with 450 CFOs from 35 countries (regions). This major research project was undertaken to gain perspective on where finance is today and the direction in which CFOs say they are headed in the next three years. This report places the research findings into an overall context and provides perspective on the continuing transformation of finance.

<http://www-1.ibm.com/services/us/index.wss/xs/imc/a1000546>

### ► *2004 Global CRM Study*

To learn more about the top CRM success drivers, read the executive summary of our Global CRM Study, "Doing CRM right: What it takes to be successful with CRM." The insights shared in this study prepare you to determine the resource allocation, focus areas, and expertise required for a successful CRM implementation.

[http://www-1.ibm.com/services/us/bcs/html/2004\\_global\\_crm\\_study\\_gen.html?ca=crm\\_study&me=w&met=inli&re=bcs\\_us](http://www-1.ibm.com/services/us/bcs/html/2004_global_crm_study_gen.html?ca=crm_study&me=w&met=inli&re=bcs_us)

## **Seminar: What it takes to be on demand: Enabling applications for business process integration**

To meet the requirements of the on demand era, businesses need to achieve an open, integrated, flexible, and automated computing environment. Integration of existing applications, data, and workforce in building complete, end-to-end, manageable, and flexible business processes is essential to such an IT infrastructure. Understanding what it takes to enable your applications to become full participants in this environment requires an appreciation of its benefits, both business and technical value, the requirements, architecture, and technical approaches and solutions that are available.

[https://www.developer.ibm.com/spc/events/on\\_demand\\_en.html](https://www.developer.ibm.com/spc/events/on_demand_en.html)

## **Self study**

### ► The Next Step: e-business on demand

In a taped Webcast, Dr. Irving Wladawsky-Berger, general manager, e-business on demand, laid out IBM's strategy for helping clients become on demand businesses. For access to this Web lecture, see:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac\\_sel\\_ebodats1.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac_sel_ebodats1.html)

- How on demand impacts your business: 5 things you should know

This online presentation describes the five things that you need to know about on demand business: What is it? What can it do for me? How is it applied in my industry? Who's benefiting from it? How can IBM help? You can find it at:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac\\_sel\\_startebod1.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac_sel_startebod1.html)

## Webcasts

- Gain insight from 2003 Sarbanes-Oxley Survey (Webcast) and Transform Obstacles into Opportunities (Webcast)

Smart businesses are using the Sarbanes-Oxley Act to bring about beneficial process and technology change, improve corporate insight and react more quickly to market shifts.

<http://www-1.ibm.com/services/us/bcs/win/sox.html>

- Webcast: Bob Greenberg

IBM CIO Bob Greenberg discusses the lessons learned on the road to on demand business.

[http://www-306.ibm.com/webcasts/WCPGateway.wss?jadeAction=WEBCAST\\_LAUNCHPAGE\\_HANDLER&WCP\\_WEBCAST\\_ID\\_KEY=0330002](http://www-306.ibm.com/webcasts/WCPGateway.wss?jadeAction=WEBCAST_LAUNCHPAGE_HANDLER&WCP_WEBCAST_ID_KEY=0330002)

## 11.2.3 Offerings, services, and solutions

Use the following offerings, services, and solutions from IBM to help with Business Transformation.

### IBM Business Consulting Services alliances

IBM Business Consulting Services combines its deep insight into industry-specific processes with the capabilities and technologies of its renowned alliance partners to help clients achieve improved levels of integration across several dimensions.

[http://www-1.ibm.com/services/us/bcs/html/bcs\\_index.html](http://www-1.ibm.com/services/us/bcs/html/bcs_index.html)

### IBM BCS offerings

- Workplace Portal Jumpstart

IBM Business Consulting Services' Workplace Portal Jumpstart is a fast-paced approach that not only answers questions about value, priority, and decision making, but also delivers a custom portal visualization to serve both as a living vision and a project specification.

<http://www-1.ibm.com/services/us/bcs/win/workplace.html>

- ▶ **Strategic Sourcing Services**

IBM Business Consulting Services' strategic sourcing services encompass tested techniques for improving spend visibility, leveraging total spend, measuring key operational and supplier performance, and instituting consistent contract-management skills and processes. Use our know-how to help make the best buy.

<http://www-1.ibm.com/services/us/bcs/win/sourcing.html>

- ▶ **Sarbanes-Oxley Act Services**

IBM Business Consulting Services can help you use Sarbanes-Oxley to transform your company. Combining strategy, process, and technology, our services are designed to support you in your Sarbanes-Oxley initiatives, as well as help improve your business processes and move toward on demand.

<http://www-1.ibm.com/services/us/bcs/win/sox.html>

### **On Demand Innovation Services**

IBM On Demand Innovation Services is a capability delivered through IBM Business Consulting Services. It enables businesses to tap into one of the world's most prominent groups of researchers and scientists. This group brings with them a set of innovative tools, solutions, and expertise in cross-industry business areas to solve complex business issues.

On Demand Innovation Services brings to your organization business transformation insight that can enable you to implement changes that impact strategic direction and operating and competitive models.

<http://domino.research.ibm.com/odis/odis.nsf/pages/working.html>

## **11.3 On Demand Operating Environment**

The On Demand Operating Environment is IBM's blueprint for a new kind of IT infrastructure, one that gives businesses the flexibility and power they need to succeed. This section gives you a quick overview of what it is, how it works, and how it can help your company operate on demand.

The On Demand Operating Environment doesn't come in a box. It's not a product, a platform, or a brand. It's a set of capabilities, including hardware, software, technical expertise and more, that help companies build infrastructures that are better integrated and more easily manageable.

These new capabilities are highly modular, designed to be implemented gradually as a company evolves its technology to operate on demand. Their value, however, can be quite immediate. In the short term, they can help

businesses speed ROI, cut costs, and find new sales opportunities. In the long run, they can transform corporate IT infrastructures into powerful instruments to drive an organization's business objectives.

The underlying principle for the On Demand Operating Environment is based on a service-oriented architecture (SOA) that allows applications, processes, and defined components to be mixed and matched at will. Through a SOA, the On Demand Operating Environment supports end-to-end business processes and enables complete business performance management. The On Demand Operating Environment is delivered through core capabilities of integration and infrastructure management, creating business flexibility and optimizing the IT infrastructure. Though the end result is an evolved IT environment, many of the required components may already exist within most enterprise IT environments.

This section covers many of the resources that can be helpful in specifically understanding the core capabilities of the On Demand Operating Environment. While On Demand Operating Environment is delivered through the two core capabilities, it is important that an understanding of the client current environment is understood to determine both the tactical and strategic direction that Team IBM needs to be knowledgeable about before assisting the client in moving forward with their on demand business journey.

The following resources provide a starting point to assist the sales team in becoming knowledgeable about the overall On Demand Operating Environment. Additional resources are provided in for integration in 11.4, "On Demand Operating Environment: Integration" on page 153, and infrastructure management, in 11.5, "On Demand Operating Environment: Infrastructure management" on page 163.

### 11.3.1 Publications

Refer to the following white papers to learn more about the On Demand Operating Environment.

- *Migrating to a service-oriented architecture*

This white paper helps you to understand the value of SOA: evaluation, planning, and migration.

[ftp://ftp.software.ibm.com/software/info/openenvironment/G224-7298-00\\_Final.pdf](ftp://ftp.software.ibm.com/software/info/openenvironment/G224-7298-00_Final.pdf)

- ▶ *Transforming your business to on demand. IBM's approach to service-oriented architecture*

Learn more about how IBM is defining SOA and how we can enable your on demand business.

[ftp://ftp.software.ibm.com/software/info/openenvironment/soa\\_G224-7309-00\\_br58.pdf](ftp://ftp.software.ibm.com/software/info/openenvironment/soa_G224-7309-00_br58.pdf)

- ▶ *Living in an on demand world*

In every industry and sector of global business today—as well as in education, government, and institutions of all kinds—leaders are searching for ways to make their organizations more nimble.

[http://www-306.ibm.com/e-business/ondemand/us/literature/literature\\_ebusiness.html](http://www-306.ibm.com/e-business/ondemand/us/literature/literature_ebusiness.html)

- ▶ *Operating Environment essentials for an on demand breakthrough*

This white paper explains how the On Demand Operating Environment delivers the infrastructure that your organization needs to support its on demand business initiatives.

[ftp://ftp.software.ibm.com/software/info/openenvironment/on\\_demand\\_operating\\_environment4.pdf](ftp://ftp.software.ibm.com/software/info/openenvironment/on_demand_operating_environment4.pdf)

### 11.3.2 Education and training: Signature Selling Method

This highly interactive offering is designed to offer a fast-paced learning environment with proven sales techniques. Working through an end-to-end sales cycle, you learn how to advance sales, differentiate yourself from your competitors, and increase your selling speed, quality, and volume.

This e-learning opportunity is designed for all IBM Business Partners and is accessible through PartnerWorld Registration.

[http://www-1.ibm.com/partnerworld/pwhome.nsf/mktgsale/tac\\_sel\\_sf1a.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/mktgsale/tac_sel_sf1a.html)

### 11.3.3 Additional resources

- ▶ The Future of Middleware and Tools

How do five of IBM's most highly-placed executives, the five General Managers of our Software Group, see the future unfolding in such areas as grid and autonomic computing, security, systems management, application development, and SOAs? What's the current story with DB2, how do Tivoli and Lotus fit in with everything, and what's the role of Eclipse in the next generation of software and systems development? Find the answers to this and more in the May 2004 issue of *JDJ* magazine at:

<ftp://ftp.software.ibm.com/software/data/pubs/articles/jdj.pdf>

- ▶ *An Executive's Guide to Web Services*

If you are a software architect or a business person looking to understand Web service, this document has many useful ideas on the business value of Web Services.

<ftp://ftp.software.ibm.com/software/websphere/webservices/webserv-execguide5-02.pdf>

## 11.4 On Demand Operating Environment: Integration

The first focus is to increase business flexibility through capabilities designed to speed integration initiatives. The ability to connect people, processes, and information in a way that allows clients' organizations to become more flexible and responsive to the dynamics of their markets, clients, and competitors is critical. It becomes increasingly so as clients extend their value net to more tightly integrate partners, suppliers, and clients in their processes.

Integration is about connecting people, processes, and information in a way that allows companies to become more flexible to the dynamics of the markets, clients, and competitors around them. To achieve this integration within and beyond the enterprise, companies need to implement six unique capabilities:

- ▶ Business modeling to enable the graphical depiction and simulation of a business processes including task descriptions, resources required, and decision points
- ▶ Process transformation to enable existing applications and information to be reused in new ways
- ▶ Application and information integration to enable multiple information sources and business applications to be combined
- ▶ Access to extend the availability of data and information to new classes of devices, delivering information anytime, anywhere

- ▶ Collaboration to allow users to interact in a personalized more efficient way with clients, suppliers, partners, and colleagues
- ▶ Business process management to model, deploy, and analyze processes with the goal of managing the end-to-end business process

### 11.4.1 Publications

Consult the following publications for more information about integration in an On Demand Operating Environment.

#### **Business integration article**

*Design XML schemas using UML: Translating business concepts into XML vocabularies*

Unified Modeling Language (UML) is an industry standard that is used in modeling business concepts when building software systems in an object-oriented manner. Recently, XML has gained ground in becoming a key enabler of these systems in terms of transport of information and commands. XML schemas, which are used to define and constrain the nature of XML exchanged, have consequently come into the limelight. This article discusses the use of UML in designing XML schemas and gives a hands-on approach for using the UML framework to create your XML vocabularies.

<http://www-106.ibm.com/developerworks/library/x-umlschem/>

#### **Data integration articles**

- ▶ *IBM DB2 Content Manager V8 Implementation on DB2 Universal Database™: A Primer*

This article introduces you to DB2 Content Manager for Multiplatforms, describes key concepts and data flow, and then goes into detail about how to implement the product and deal with performance and tuning issues.

<http://www-106.ibm.com/developerworks/db2/library/techarticle/0305chen/0305chen.html>

- ▶ *Using WebSphere Studio V5.0 to connect to COBOL/CICS®: A complete example using WSDL, J2EE Connectors and Struts*

Integrating legacy systems, made up of COBOL/CICS®-based applications, with newer systems running under Web application servers is an extremely common requirement, especially for larger companies. For those facing such a task, this article illustrates a complete example, showing how to code a simple Web application, connect it to an existing COBOL/CICS program, and

test it using WebSphere Studio Application Developer Integration Edition, Version 5, for deployment on WebSphere Application Server V5.

[http://www-106.ibm.com/developerworks/websphere/techjournal/0309\\_barosa/barosa.html](http://www-106.ibm.com/developerworks/websphere/techjournal/0309_barosa/barosa.html)

- *Getting old folks and whippersnappers together: Integrating CICS transactions with WebSphere Studio*

IBM WebSphere Studio Application Developer Integration Edition, V4.1 (hereafter called Application Developer Integration Edition) provides tools that are based on open standards such as Simple Object Access Protocol (SOAP), Web Services Description Language (WSDL), and Web Service Invocation Framework (WSIF). These tools also have extensive support for Java 2 Platform, Enterprise Edition (J2EE) Connector Architecture (JCA), which is vital for access to existing non-relational enterprise information systems (EIS).

<http://www-106.ibm.com/developerworks/ibm/library/i-wsadie/>

- *Building a Web-to-host Enterprise Application with the WebSphere Host Access Transformation Server and WebSphere Studio*

This article shows you how to quickly transition legacy host applications to the Web, using WebSphere Host Access Transformation Server (HATS). It shows you how to build a HATS Enterprise Application using WebSphere Studio Application Developer with the HATS Studio perspective. You can then install the HATS application and run it on WebSphere Application Server.

[http://www-106.ibm.com/developerworks/websphere/techjournal/0210\\_naugle/naugle.html](http://www-106.ibm.com/developerworks/websphere/techjournal/0210_naugle/naugle.html)

- *Introduction to Lotus Domino Toolkit for WebSphere Studio*

This introductory tutorial shows you how to use the Lotus Domino Toolkit for WebSphere Studio to create a Web application that accesses a Domino database. The application enables you to add or update personal contact documents in the database using JavaServer Pages (JSPs). The tutorial uses WebSphere Studio Application Developer V5, Lotus Domino Toolkit V1.0 Beta (Win32), and Lotus Domino V6.

[http://www-106.ibm.com/developerworks/websphere/library/techarticles/0304\\_schumacher/schumacher.html](http://www-106.ibm.com/developerworks/websphere/library/techarticles/0304_schumacher/schumacher.html)

- *Accessing Federated Databases with application server components*

This article describes how Java developers can employ federated database management technology to expand the reach of the server-side components they build. The techniques that are discussed illustrate how Java developers can transparently work with multiple data sources without installing a variety of client software, establishing direct connections to these data sources, or possessing detailed knowledge about the differences between these data

sources. With federated database technology, Java developers can create components that join or union data from multiple sources, including container-managed entity Enterprise JavaBeans (EJBs).

<http://www-106.ibm.com/developerworks/db2/library/techarticle/0302saracco/0302saracco.html>

- *Using DB2 Information Integrator for J2EE development: A cost/benefit analysis*

Using a business merger scenario, the authors of this article experienced for themselves how much simpler their code was when using DB2 Information Integrator to access disparate back end data sources, including Oracle, DB2 Universal Database (UDB), and Microsoft Excel. This is the first article in a three-part series.

<http://www-106.ibm.com/developerworks/db2/library/techarticle/0305saracco1/0305saracco1.html>

- *Using IBM WebSphere MQ and DB2 to keep your enterprise data real-time*

The authors of this article show how to facilitate communication between WebSphere MQ and your IBM DB2 data warehouse using Java. From their scenario, you learn how to set up a WebSphere MQ queue. Information sent to the queue is used to keep a database in “real time” and update it with information from several parent sources. Using a JSP technology-based front end, users can reap the benefits of this real-time setup when interacting with the data warehouse.

<http://www-106.ibm.com/developerworks/library/i-jbucks/>

## **Integration through Web services article**

*Creating Web services for DB2 UDB stored procedures using WebSphere Studio Version 5*

With WebSphere Studio, turning your DB2 UDB for z/OS® stored procedures into Web services is easier than you think. This article takes you step by step through the process.

<http://www-106.ibm.com/developerworks/db2/library/techarticle/0304xu/0304xu.html>

## User interface integration articles

- *The case for portlets: How to decide if portlets are your best option*

Some software designers choose the latest technology to implement their solutions. Others tend to stick with more familiar, time-tested platforms. In this article, the authors use their Web application and portlet development experience to help you decide if portlets are the way to go for your application. They provide an extensive list of resources for more information about the topics that interest you.

<http://www-106.ibm.com/developerworks/ibm/library/i-portletintro/>

- *Understanding how WebSphere Portal displays portal pages*

This is the first part of a series that explains how WebSphere Portal displays a portal page using the default theme and skin for a client using Internet Explorer to access the portal.

[http://www-106.ibm.com/developerworks/websphere/library/techarticles/0304\\_konduru/0304\\_konduru.html](http://www-106.ibm.com/developerworks/websphere/library/techarticles/0304_konduru/0304_konduru.html)

## General articles

- *The making of MetroSphere*

This is the first part of a series that follows the development of MetroSphere.com. Team Lead Nicholas Chase gives a brief overview of the project and what you can expect from the series. He explains why the team's first stop was WebSphere Portal – Express.

<http://www-106.ibm.com/developerworks/library/i-metro1.html>

- *Integrating WebSphere Portal and WebSphere Personalization using WebSphere Portal Content Publisher V4.2*

This article explains how to build a personalized portlet on WebSphere Portal V4.2 platform. New features of V4.2 as well as best practices based on a new approach for building personalized portlets are pointed out along the way.

[http://www-106.ibm.com/developerworks/websphere/techjournal/0306\\_olson/olson.html](http://www-106.ibm.com/developerworks/websphere/techjournal/0306_olson/olson.html)

- *Create your own portlet and Web Service*

In this article, Michael Wanderski introduces you to portlet and Web Services programming. By building a functional example step-by-step, he shows the vast potential and benefit of combining these two exciting new technologies. This article is intended for developers with at least some level of portlet and Web services knowledge, although extensive experience is not required.

<http://www-106.ibm.com/developerworks/library/i-wsportlets/>

- *Develop portlets that use Web services to obtain data from remote systems*

Web services are becoming the predominant method for making information and applications programmatically available on the Internet. Portals are becoming the main means to integrate information and applications from the intranet and Internet. IBM WebSphere Portal for Multi-platforms Version 4.x supports easy integration of remote portlets as visual Web services.

But how do you integrate classic, data-oriented Web services into a portal? This article explains how to do this using WebSphere Studio Application Developer and the IBM Portal Toolkit, which is included with the WebSphere Portal product. (Check the licensing for your version of WebSphere Portal for specific details and limitations.)

<http://www-106.ibm.com/developerworks/library/i-wsadportlets/>

### **Web site: Lotus Discovery Server™**

The most comprehensive knowledge server for on demand business users today. Search or browse for information and subject matter experts from multiple locations, collaborate with colleagues instantly, increase knowledge sharing and decrease time spent looking for needed resources, all from a Web browser.

[http://www-306.ibm.com/software/data/integration/db2ii/editions\\_omnifind.html](http://www-306.ibm.com/software/data/integration/db2ii/editions_omnifind.html)

### **Information integration brochures**

- *IBM DB2 Information Integrator: Integrated, on demand access to distributed information, GC18-9067*

<ftp://ftp.software.ibm.com/software/data/pubs/brochures/iiexecbrief.pdf>

- *IBM DB2 Information Integrator, Version 8.1, GC18-9068*

<ftp://ftp.software.ibm.com/software/data/pubs/brochures/iispecsheet.pdf>

- *IBM DB2 Information Integrator Classic Federation for z/OS, GC18-9189*

<ftp://ftp.software.ibm.com/software/data/pubs/brochures/ii-zos.pdf>

### **Presentations**

Refer to the following on demand business software technical briefing presentations (PDF). They are available for download from the Web at:

<http://www-106.ibm.com/developerworks/offers/techbriefings/presentations/ebod.html>

- Introduction to IBM Software
- Lotus Workplace - A New Way to Collaborate
- WebSphere Portal Server - the Universal Access Point
- Streamline Business Processes with WebSphere Business Integration
- Information Integration with DB2

- ▶ Why WebSphere is Better than.NET
- ▶ Web Services and Service Oriented Architecture
- ▶ The Enterprise Service Bus

## Redbook

The IBM Redbook *On Demand Operating Environment: Creating Business Flexibility*, SG24-6633, provides an overview of the architecture of an On Demand Operating Environment. It describes in detail the components that are required to create business flexibility through integration. To meet the business needs of being responsive, variable, focused, and resilient, an On Demand Operating Environment must be integrated, autonomic, virtualized, and open.

## White papers

- ▶ *Driving an operational model that integrates client segmentation on client management*

Very broadly, the goal of client segmentation is to know your clients better and to use that knowledge to enhance corporate profitability. Effective segmentation drives revenue growth through the increased ability to meet clients' demands. Segmentation's greatest impact is on the top line, growing the number of clients, the amount of sales per client, and the lifetime value of the client. To learn more, read this executive brief at:

<http://www-1.ibm.com/services/us/imc/pdf/g510-3297-01-driving-an-operational-model-cust-segmentation.pdf>

- ▶ *Industrial enterprise business transformation: Three parts structure, two parts flexibility*

Whether aiming for efficiency or growth, most industrial firms have initiated or are planning a major transformation initiative. Many will have mixed results. But, by blending structure with flexibility, business leaders can improve their odds of success.

<http://www-1.ibm.com/services/us/index.wss/xs/imc/a1000755?cntxtId=a1000038>

## 11.4.2 Education and training

Take advantage of the following learning opportunities to expand your knowledge about integration in the On Demand Operating Environment.

### Classroom

► Developing Solutions for e-business (Application Development Technologies)

This tailored curriculum view helps to customize the IBM Education courses that are applicable for on demand. Training course roadmaps include:

- Web Services and SOA
- Java and WebSphere
- XML curriculum
- Architecture and Technology review

Application Development training is provided for:

- On demand business fundamentals
- Java
- Object technology
- Rational software
- Web services
- WebSphere
- XML

<http://www-306.ibm.com/services/learning/ites.wss/us/en?pageType=page&contentID=a0000300>

► Speed-start you Linux app

Hungry for Linux applications? Get IBM middleware for Linux (DB2 UDB, WebSphere Application Server, WebSphere Studio Site Developer, WebSphere MQ, Lotus Domino, Tivoli Access Manager, and more) on a free Linux Software Evaluation Kit (SEK). Plus get all the free Technical Support and training you need to get started!

[http://www-106.ibm.com/developerworks/offers/linux-speed-start/?S\\_TACT=104AHW38&S\\_CMP=ZHP](http://www-106.ibm.com/developerworks/offers/linux-speed-start/?S_TACT=104AHW38&S_CMP=ZHP)

► Speed-start Web services

Do you want to learn how to build and deploy Web services using the latest Java-based tools and middleware from IBM that support industry-based open standards? The Speed-start Web services program has everything you need. Get the latest IBM development tools and middleware. Provide online training with tutorials and articles, and hands-on workshops and technical briefings in

your area. There's even technical support with online forums moderated by IBM Web services experts.

[http://www-106.ibm.com/developerworks/offers/ws-speed-start/  
?S\\_TACT=104AHW38&S\\_CMP=ZHP](http://www-106.ibm.com/developerworks/offers/ws-speed-start/?S_TACT=104AHW38&S_CMP=ZHP)

### **Seminar: What it takes to be on demand: Enabling applications for business process integration**

To meet the requirements of the on demand era, businesses need to achieve an open, integrated, flexible, and automated computing environment. Integration of existing applications, data, and workforce in building complete, end-to-end, manageable, flexible business processes is essential to such an IT infrastructure. Understanding what it takes to enable your applications to become full participants in this environment requires an appreciation of its benefits, both business and technical value, the requirements, architecture, and technical approaches and solutions that are available.

[https://www.developer.ibm.com/spc/events/on\\_demand\\_en.html](https://www.developer.ibm.com/spc/events/on_demand_en.html)

### **Webcasts**

- IBM Insight Exchange Technology Webcast: Business Integration and the Role of Data Management

Business integration is on the top of CIO minds today. It directly affects bottom line results. A complete business integration infrastructure necessarily requires a variety of supporting technologies to manage integration across people, processes, applications, and data. Focusing on data management's technical contribution, Dr. Nelson Mattos describe IBM's vision for an information integration infrastructure that will support the new composite applications of the future.

This Webcast is intended for all sizes and types of partners: ISVs, consultants, system integrators, VARs, and VADs.

[http://webevents.broadcast.com/ibm/insightexchange/on\\_demand.asp](http://webevents.broadcast.com/ibm/insightexchange/on_demand.asp)

- IBM Software Development Tools and Resources

This series of Webcasts focuses on the IBM Software Development Platform. The IBM Software Development Platform is a set of tools and a shared set of proven best practices that development teams can use to build, extend, integrate, modernize, and deploy on demand business applications. These Webcasts explore the tools that make up the IBM Software Development Platform and the benefit they can bring to your development efforts.

[http://www-106.ibm.com/developerworks/offers/lp/wc/  
?S\\_TACT=104AHW38&S\\_CMP=TITLE](http://www-106.ibm.com/developerworks/offers/lp/wc/?S_TACT=104AHW38&S_CMP=TITLE)

## Workshops

- ▶ What it takes to be on demand: Enabling applications for business process integration

Learn how to enable your applications for business process integration. This will allow clients to easily deploy powerful business process management solutions in which your applications participate.

[https://www.developer.ibm.com/en\\_US/spc/events/on\\_demand\\_en.html](https://www.developer.ibm.com/en_US/spc/events/on_demand_en.html)

- ▶ What it takes to be on demand: Migration Strategies for ISVs

Are you an ISV, developer, product manager, or software architect interested in developing a new J2EE application or learning how to migrate existing ASP, COM, ASP.NET or Microsoft® Windows®-based client applications to J2EE? If so, this technical seminar is for you!

[https://www.developer.ibm.com/en\\_US/spc/events/on\\_demand\\_mig.html](https://www.developer.ibm.com/en_US/spc/events/on_demand_mig.html)

## Offerings, services, and solutions

- ▶ Business Integration Solution Kits

These kit helps to integrate, manage and improve business processes. They can assist clients in:

- Connecting people, process, and information integration
- Running business processes effectively
- Delivering faster access to business-wide information

Two integration software solutions are available.

- Business Integration Solution Kit for IT Executives
- Business Integration Solution Kit for Business Managers

**Note:** You must be registered to access these kits.

[http://www-306.ibm.com/software/info/businessintegration/en/webresource.jsp?S\\_CMP=swbrand](http://www-306.ibm.com/software/info/businessintegration/en/webresource.jsp?S_CMP=swbrand)

- ▶ IBM Workplace: Innovations for People Productivity

IBM Workplace represents products and technologies that make more people more productive in the context of the business they do every day. It is made up of new and existing products that connect people to business processes, information applications, and other people. Products that fall within IBM Workplace are IBM Lotus Notes® and Domino, WebSphere Portal, Lotus Workplace and WebSphere Everyplace®, each product group with its own unique role.

<http://www-306.ibm.com/software/info/workplace/index.jsp>

## Additional resources

For additional information, refer to on demand Frequently Asked Questions regarding IBM Small and Medium Business Advantage on the Web at:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/vAssetsLookup/smba\\_faqs.pdf/\\$File/smba\\_faqs.pdf](http://www-1.ibm.com/partnerworld/pwhome.nsf/vAssetsLookup/smba_faqs.pdf/$File/smba_faqs.pdf)

## 11.5 On Demand Operating Environment: Infrastructure management

The second focus is IT simplification, the creation of an infrastructure that's easier to manage. How? Through the creation of a single, consolidated, logical view of and access to all the available resources in a network.

Infrastructure management is about enabling access to and creating a consolidated, logical view of resources across a network. To achieve this management of their infrastructure, companies need to implement seven unique capabilities.

- ▶ *Availability* to help ensure the health and appropriate functioning of your IT environment so that it is available 24x7

To meet that requirement without employing huge amounts of human capital, availability management capabilities monitor your systems and automatically take actions to maintain high availability without human intervention-before issues become problems.

- ▶ *Security* to help ensure that information assets, confidentiality, and data integrity are protected

It keeps your systems protected from threats, provides the functions for a great user experience in accessing applications and data they need, and keeps out unwelcome users.

- ▶ *Optimization* to help make the most productive utilization of your IT infrastructure

It provides tools to make the most of your resources so that they run efficiently and at peak performance. It also provide an increased ROI.

- ▶ *Provisioning* to make the right resources available to the right processes and people at the right time

This focuses on the self-configuring, dynamic allocation of your IT infrastructure's individual elements and provisions' identities, storage, or servers as business needs dictate.

- ▶ *Infrastructure orchestration* to sense, trigger, and respond according to business goals

This helps your IT infrastructure respond dynamically to changing conditions according to defined business policies. The orchestrator interfaces to the IT infrastructure and provisions that the resources required. Using your predefined business policies and priorities, the orchestrator proactively allocates the IT resources to the current business workloads.

- ▶ *Business service management* to help you visualize your IT environment in business terms and manage service levels to business objectives

Business-driven service management capabilities provide the necessary tools to manage service levels, meter system usage and bill clients for that usage. It also helps to model, integrate, connect, monitor, and manage your business processes comprehensively to link IT and business processes.

- ▶ *Resource virtualization* to provide a single, consolidated, logical view of and easy access to all available resources in a network (including servers, storage and distributed systems)

This provides ways to abstract physical resources so that they can be accessed as a pool of logical resources. It enables improved utilization of IT, information, and people assets by treating resources as a single pool and more efficiently accessing and managing those resources across an organization by effect and need rather than by physical location.

Implementation of each of these seven capabilities allows clients to create greater optimization and simplification of their infrastructure.

## 11.5.1 Publications

Refer to the following publications about infrastructure management in an On Demand Operating Environment.

### **Infrastructure Management brochure**

This informative brochure explores details and benefits of the “smart systems management” provided by IBM Infrastructure Management products. IBM Infrastructure Management combines hardware, software, and services to help automate your infrastructure. In doing so, we replace a traditional IT environment (inflexible, manual processes) with on demand business advantages (flexible, fast, responsive, and cost efficient).

<http://www-1.ibm.com/servers/eserver/central/>

## White papers

- ▶ *Systems Management for xSeries Servers 2003*

IBM management tools work together like no others to give you the ability to manage your systems easily and efficiently. This paper describes the IBM tools and how they can help you solve your systems management concerns.

[http://www-1.ibm.com/businesscenter/smb/us/en/contenttemplate/gcl\\_xmlid/4167/nav\\_id/allwhitepapers](http://www-1.ibm.com/businesscenter/smb/us/en/contenttemplate/gcl_xmlid/4167/nav_id/allwhitepapers)

- ▶ *An architectural blueprint for autonomic computing*

The high-tech industry has spent decades creating computer systems with ever mounting degrees of complexity to solve a wide variety of business problems. Ironically, complexity itself has become part of the problem. As networks and distributed systems grow and change, they can become increasingly hampered by system deployment failures, hardware, and software issues, not to mention human error.

<http://www-106.ibm.com/developerworks/autonomic/library/ac-summary/ac-blue.html>

- ▶ *Operating Environment essentials for an on demand breakthrough*

Read how the On Demand Operating Environment delivers the infrastructure your organization needs to support its on demand business initiatives.

[ftp://ftp.software.ibm.com/software/info/openenvironment/on\\_demand\\_operating\\_environment4.pdf](ftp://ftp.software.ibm.com/software/info/openenvironment/on_demand_operating_environment4.pdf)

## Introductory on demand technical articles

This Web site hosts various articles about on demand and is constantly updated with newer articles. To access the following articles mentioned, enter the name of the article in the search bar.

<http://www-106.ibm.com/developerworks/views/autonomic/articles.jsp>

- ▶ The Dawning of the autonomic computing era
- ▶ Deploy software, autonomically
- ▶ Autonomic Computing: The Technology of Self Management
- ▶ Autonomic Computing: IBM's Perspective on the state of Information Technology
- ▶ Building on demand business resiliency through autonomic computing
- ▶ Adaptive Services Framework
- ▶ The Era of Grid Computing: A new standard for successful IT Strategies
- ▶ The Era of Grid Computing: Enabling new possibilities for your business
- ▶ The Vision of Autonomic Computing
- ▶ IBM Autonomic Storage in an on demand business environment

## Redbooks

- ▶ *A Practical Guide to the IBM Autonomic Computing Toolkit*, SG24-6635

This IBM Redbook provides practical information related to using the IBM Autonomic Computing Toolkit. Using this toolkit, software developers can provide facilities to enable applications or other system components to participate in an autonomic environment.

- ▶ *On Demand Operating Environment: Managing the Infrastructure*, SG24-6634

This IBM Redbook provides an overview of the architecture of an On Demand Operating Environment. It describes the components that are required to manage the infrastructure. To meet the business needs of being responsive, variable, focused, and resilient, an On Demand Operating Environment must be integrated, autonomic, virtualized, and open. Although these attributes are all interrelated, this redbook focuses on the automation and virtualization components as they enable efficient infrastructure management.

### 11.5.2 Education and training

- ▶ Operating Environment 101

The operating environment is the underpinning of on demand business. It provides the IT infrastructure that supports a client's on demand business. This presentation provides an overview of the operating environment and its relationship to the rest of the IBM On Demand Business strategy.

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac\\_sel\\_startebod2.html/](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac_sel_startebod2.html/)

- ▶ Introducing the IBM Orchestration and Provisioning Automation Library (OPAL) for Business Partners

<http://www-306.ibm.com/software/tivoli/partners/public.jsp?tab=index&content=feature-odaf1>

- ▶ The Next Step: e-business on demand

In a taped Webcast, Dr. Irving Wladawsky-Berger, general manager, e-business on demand laid out the IBM strategy for helping clients become on demand businesses. Focusing his remarks particularly on the operating environment, he described the value that clients are already finding in the three key areas of integration, automation, and virtualization and some of the new offerings that support clients who want to move to an On Demand Operating Environment.

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac\\_sel\\_ebodats1.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac_sel_ebodats1.html)

**Note:** To access this self-study class, you must register for PartnerWorld University.

### 11.5.3 Offerings, solutions, and services

Consult and employ the following assessment tools and offerings to learn more about infrastructure management in an On Demand Operating Environment.

#### Assessments

► ITS Autonomic Readiness Assessment

This offering targets clients who want to improve systems management automation. This assessment creates a framework for:

- End-to-end infrastructure and applications management for critical business systems
- The guiding principles related to autonomic computing services, processes, people, and management tools
- The foundation for implementing the services and service management structure to support transformation to an autonomic computing environment.

<http://www-306.ibm.com/software/info/openenvironment/infra-mgmt/solutions.html>

► ITS UMI Readiness Assessment

Targets clients who want to explore the applicability of adopting Universal Management Infrastructure (UMI) based on current IT infrastructure. It analyzes opportunities, gaps and investments required, including application assessment, infrastructure assessment, and IT management assessment. The assessment also audits a client's existing infrastructure to understand resource demands and determine the gaps between current capability and desired outcomes. Together, these assessments identify the business case for change and lay the foundation for on demand business requirements.

<http://www-306.ibm.com/software/info/openenvironment/infra-mgmt/solutions.html>

## Offerings

### ► Infrastructure Management Orchestration Offering

This offering consists of integrated, pre-tested hardware and software and optional implementation services to deliver a scalable and extensible solution that optimizes infrastructure resources.

<http://www-306.ibm.com/software/info/openenvironment/infra-mgmt/solutions.html>

### ► IBM Infrastructure Management Outsourcing

For clients who don't view their IT skills as core to their business or who are looking to reduce costs through outsourcing, IBM Offers IBM Infrastructure Management Outsourcing. It uses the UMI.

<http://www-306.ibm.com/software/info/openenvironment/infra-mgmt/solutions.html>

### ► On demand roadmap for ISVs: Accelerate your growth with on demand resources

Being an on demand business means making technology an enabler of innovation and growth. ISVs who help clients adopt on demand business technology can help usher in a new generation of integrated business processes with unprecedented flexibility. Help clients see bottom-line business benefits with solutions for IBM On Demand Business.

<http://www.developer.ibm.com/ondemand/index.html>

### ► Developer Resources for an on demand world

While there is no absence of discussion on the topic, it's rare that a combination of concepts, tools, and resources is offered to help developers overcome these challenges. IBM recognizes these challenges and has developed a conceptual methodology for delivering software solutions around a concept called on demand business.

<http://www-106.ibm.com/developerworks/ondemand/>

### ► IBM Start Now Infrastructure Management Solutions

These solutions protect infrastructure assets and provide robust technology to enhance client confidence and protect brand equity through proactive management of on demand business threats. Multiple products are the basis for IBM Start Now Infrastructure Management Solutions:

- IBM Tivoli Storage Manager
- IBM Tivoli Storage Manager for Mail
- IBM Content Manager CommonStore for Exchange Server
- IBM Content Manager CommonStore for Lotus Domino
- IBM Tivoli Monitoring
- IBM Tivoli Monitoring for Messaging and Collaboration

- IBM Tivoli Intrusion Manager
- Symantec Web Security
- Symantec AntiVirus/Filtering for Lotus Notes/Domino
- Symantec AntiVirus Corporate Edition

<http://www-1.ibm.com/solutions/ism/overview.jsp?solutionid=8077>

► **IBM Orchestration and Provisioning Automation Library**

To help transform your businesses to on demand, IBM continues its multi-billion dollar commitment to delivering innovative solutions that align IT infrastructure with business priorities. IBM Orchestration and Provisioning solutions address the challenges you face with manual processes and substandard resource utilization. IBM IT service management workflows leverage best practices to automate orchestration and provisioning so you can decrease costs and improve resource utilization and response time.

<http://www-18.lotus.com/wps/portal/automation/>

### **Additional resources**

For additional information, consult the autonomic FAQs on the Web at:

<http://www-306.ibm.com/autonomic/faqs.shtml>

## **11.6 Flexible Financial and Delivery Offerings**

Flexible financing to help you make the transition to on demand business. The best way to meet the changing demands of your clients, partners, employees, and markets is to turn your business into an on demand business. And that requires an IT strategy that can support your on demand business initiatives.

Becoming on demand business means making your business more productive and innovative, so it can respond dynamically to market forces. It means learning how to connect what you do and how you do it with outside partners, suppliers, and clients.

Transforming your business lets you quickly sense changes in the marketplace and in client demand, and respond by leveraging integrated business processes and integrated views of clients, employees, suppliers, and competitors. Being an on demand business means that you always have the supporting IT capacity you need and that it's always running at optimum utilization. It provides new options for how you acquire that capacity to ensure high levels of flexibility and ROI.

Your team may be focusing on changing your business process or making your IT infrastructure more on demand. Or you may be planning to finance your own systems, outsource IT services, or any combination in between. Whatever your situation, IBM Global Financing's on demand business offerings can help you

more easily manage both up front investment and ongoing operating costs, at every point on the road to on demand business.

## 11.6.1 Publications

Read the following publications to learn about IBM Flexible Financial and Delivery Offerings.

### Articles

► *Financing for on demand businesses*

This article describes how flexible financing can help clients make the transition to on demand business. The highlights include specialized offerings designed to assist in making the transition, IBM Global Financing working as the client's financing partner, available financing offerings for business transformation (and on demand business environment implementation), and considerations for financing on demand business IT projects.

<http://www-1.ibm.com/financing/pdf/ww/ebodover.pdf>

► *IBM Global Financing and IBM e-business Hosting™*

This article discusses flexible financing for e-business Hosting solutions worldwide.

<http://www-1.ibm.com/financing/pdf/ww/ebizhost.pdf>

### Presentations

► *Flexible Financial and Delivery Offerings*

Help your clients see bottom-line business benefits with solutions for IBM On Demand Business. IBM Flexible Financial and Delivery Offerings include innovative industry and application solutions, infrastructure and management services, plus financing options that provide your clients increased flexibility in acquiring and managing the technology they need to run their businesses.

[http://www-1.ibm.com/partnerworld/pwhome.nsf/techsupport/ebod\\_financing.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/techsupport/ebod_financing.html)

► *Project Solution Financing*

Project Solution Financing (PSF) is a single-source financing solution for large-scale, multivendor business transformations. It can include consulting services, infrastructure investment, and business process implementation.

- <http://www-1.ibm.com/financing/ondemand/psf.html>
- <http://www-1.ibm.com/financing/pdf/ww/ebodpsf.pdf>

### **White paper: 'Financial Perspectives: Software and Services Financing'**

Software and services form the largest and fastest growing part of the information technology market. According to this paper, worldwide in 2003, commercial and government entities will spend more than US\$695 billion on software and services, accounting for more than 70% of the total information technology market. Over the period from 2004 through 2006, spending on software and services is anticipated to grow at an 11% compound annual rate versus a 5% annual rate for information technology hardware.

<http://www-1.ibm.com/financing/pdf/ww/sftsvfin.pdf>

## **11.6.2 Education and training**

Enroll in the following education opportunity to learn more about Flexible Financial and Delivery Offerings.

### **e-learning: IBM Global Financing e-business University for Business Partners On Demand**

IBM Global Financing e-business University on demand business offers financial training for IBM Business Partners on how to increase sales by leveraging IBM Global Financing capabilities.

<http://www.ibmweblectureservices.ihost.com/services/weblectures/dlv/Gate.wss?handler=Offering&action=index&customer=igfbp&offering=igf>

## **11.6.3 Offerings, services, and solutions**

Consult the following offerings, services, and solutions for assistance with FFDO:

### **► Total Usage Financing**

FFDO are available that cover both the fixed and variable costs associated with on demand business infrastructure.

<http://www-1.ibm.com/financing/ondemand/usage.html>

### **► Flexible Capacity Financing**

Flexible financing for IBM Capacity on Demand offerings include:

- Capacity upgrade on demand financing
- On/Off Capacity on demand financing
- Standby capacity on demand financing

<http://www-1.ibm.com/financing/ondemand/fcf.html>

- ▶ Project Solution Financing

FFDO are available for large-scale on demand business transformation projects. Project Solution Financing is a single-source financing solution for large-scale, multivendor business transformations that can include consulting services, infrastructure investment and business process implementation.

<http://www-1.ibm.com/financing/ondemand/psf.html>

- ▶ Financing for IBM open infrastructure offerings

FFDO can be tailored to your infrastructure needs. For enterprise clients who partner with IBM on large infrastructure projects, IBM can assemble an Open Infrastructure Offering (OIO) that combines hardware, software, professional services, maintenance, financing, and disaster recovery into a single, customized agreement.

<http://www-1.ibm.com/financing/ondemand/oio.html>

- ▶ xSeries model 445 Standby Capacity on Demand

A no-cost deferral is available on half the cost of your xSeries model 445 for the first six months of a 36-month lease.

<http://www-1.ibm.com/financing/promotions/stcapod.html>

- ▶ Managed Hosting - Application Enablement Program

The IBM Managed Hosting - Application Enablement Program (AEP) helps ISVs to prepare their applications to be hosted for a single end client or delivered as a service. The AEP for utility service providers enables existing service providers to leverage the IBM brand in service delivery and marketing. Whether you're an ISV or a utility service provider, the AEP can offer you a host of benefits.

<http://www-1.ibm.com/services/us/index.wss/so/ebhs/a1000350>

## 11.6.4 Additional resources

Consult the IBM Global Financing - FAQs list for an additional source of information. These FAQs discuss the nature and benefits of IBM Global Financing services.

<http://www-1.ibm.com/financing/about/faq.html>

## 11.7 On demand business success stories

What does on demand business look like? Clients are making on demand business real. Client success stories show you how organizations have become faster and more flexible, to better compete in an on demand business world.

No one company can capture the on demand business opportunity alone. Working together, Team IBM (IBM and our Business Partners) can go to market with innovative solutions and capitalize on the explosive growth that is on demand business. Fueled by the spectrum of PartnerWorld co-marketing tools, support, education and certification, IBM Business Partners are winning in the marketplace.

Success stories are provided in two different formats: client references and case studies. Client references mostly focus on hardware or software solution wins. Case studies focus on actual solution implementation (involving services, hardware, and software).

While many success stories exist, check out some of the recent successes. Here are a few client references and case studies that show clients working to create an on demand business for their environment.

### 11.7.1 Client references

References sell! The IBM Customer Reference Database (CRDB) is a valuable sales enablement tool available from PartnerWorld for IBM Business Partners. This new tool enables you to use the experience and success of client-proven solutions for On Demand Business to help close sales. Use this database and you may find a good reference to help capture your client's interest, establish credibility, or demonstrate success.

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/pe\\_crdbsplash.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/pe_crdbsplash.html)

**Note:** This view is filtered to the PartnerWorld community affiliation of the user.

#### IBM Client success stories for on demand

The number of on demand business client references is constantly growing. To date, approximately 70 client references are available that highlight successful implementation of one or more on demand business components. These references are available to anyone who accesses the external IBM Web site. Simply go to the On Demand Business Web site:

<http://www.ibm.com/e-business/ondemand>

When you arrive at the site, click **Sitemap** from the left navigation bar.

## **Client references with business partners**

Refer to the following references who won with IBM and our Business Partners.

### ***Beter Bed finds its dream solution in IBM***

To create a flexible and scalable IT infrastructure for the future, Beter Bed upgraded to an iSeries model 825 that offers On/Off Capacity on demand. With this facility, three of the six IBM POWER4™ processors supplied with the server can be switched on and off as needed. Beter Bed purchased three permanent processors outright. The other three are paid for in 24-hour increments.

<http://www-306.ibm.com/software/success/cssdb.nsf/cs/DNSD-5X8L8J?OpenDocument&Site=eservermain>

### ***Gifts on demand: MarCole and IBM help retailers generate new business***

MarCole Enterprises, Inc. is an ISV that provides interactive point-of-sale software to SMB retailers. It has developed a solution, Gift RegistryWorks, based on IBM technology that takes the guess-work out of gift giving.

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/nws\\_ss\\_god.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/nws_ss_god.html)

### ***IBM and MarCole on demand solution transforms Boscov's Gift Registry***

Boscov's search for an efficient gift registry management system ended with a helpful solution from IBM and MarCole.

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/nws\\_ss\\_marcole.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/nws_ss_marcole.html)

### ***A prescription for success: BlueWare helps hospitals operate in an on demand world***

In hospitals today, paper can't always provide the answers or insight when and where they are needed. IBM Business Partner BlueWare has built a highly successful business, and an IBM-based solution, on this fact. Find out how the firm continues to grow more profitable as a result of its relationship with IBM and offerings it receives as a Premier Business Partner.

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/nws\\_feature\\_blueware.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/nws_feature_blueware.html)

## 11.7.2 Case studies

This section presents several case studies, by industry, that illustrate real-world business success stories. The solutions in these case studies are powered by IBM software and servers, as well as the business expertise of IBM Global Services consultants.

### **Automotive: Goodyear Tire & Rubber Co.**

Goodyear needed to better support its network of over 5,000 dealers and reduce costs. An on demand business solution from IBM helped Goodyear to do just that and more. You can find the complete story at:

<http://www-1.ibm.com/services/ondemand/goodyear.html>

### **Banking: Viewpointe Archive Services**

Imagine processing, storing, and accessing 50 billion checks every year. Viewpointe needed ample, highly-secure storage, and they found it with IBM.

For the full story, see:

<http://www-1.ibm.com/services/ondemand/viewpointe.html>

For the Flash (75K) version, see:

<http://www-1.ibm.com/services/ondemand/success.html>

### **Education: Memphis City Schools**

Planning for the unexpected is nearly impossible on a tight school budget. IBM offered an economical remote network management solution for Memphis City Schools. For details, see:

<http://www-1.ibm.com/services/ondemand/memphis.html>

### **Electronics: Butterfly.net**

IBM helped transform the Internet into a massive game machine that was ready for two players or two million-in an instant. To learn more, go to:

<http://www-1.ibm.com/services/ondemand/butterfly.html>

### **Insurance: Norwich Union**

Pay As You Drive car insurance records client driving habits to provide fairer, potentially lower insurance rates thanks to IBM. For more information, see:

<http://www-1.ibm.com/services/ondemand/norwichunion.html>

For the Flash (75K) version, see:

<http://www-1.ibm.com/services/ondemand/success.html>

## Manufacturing: Twinlab

Twinlab was rapidly outgrowing its systems. It turned to IBM to unify its business processes with a fully supported on demand business platform. To see the full story, go to:

<http://www-1.ibm.com/services/ondemand/twinlab.html>

## Retail

### ► Saks Incorporated

Saks turned to IBM for an e-procurement system to reduce costs and improve financial performance at its more than 350 stores. For details, see:

<http://www-1.ibm.com/services/ondemand/saks.html>

For the Flash (75K) version, see:

<http://www-1.ibm.com/services/ondemand/success.html>

### ► Senshukai

IBM helped direct marketer Senshukai extend its successful catalog Web site to Japan's 30 million mobile phone-based Internet subscribers. Find all the story details at:

<http://www-1.ibm.com/services/ondemand/senshukai.html>

## Services

### ► Stratascope

A young company with a big idea needed a partner who could respond as fast as the market demanded. They found it with IBM. For details, see:

<http://www-1.ibm.com/services/ondemand/stratascope.html>

### ► Teinos

Teinos developed an innovative Web-based radiology service management system and came to IBM for help in reducing infrastructure costs. For the full story, see:

<http://www-1.ibm.com/services/ondemand/teinos.html>

## Telecom and media

### ► The All-England Lawn Tennis Club

The sponsors of Wimbledon needed a lot of bandwidth, but only for a short time. IBM offered computing power with usage-based pricing. See how at the following Web site:

<http://www-1.ibm.com/services/ondemand/wimbledon.html>

► **PGA Tour, Inc.**

PGA Tour, Inc. teamed with IBM to develop a flexible, cost-effective Web application that allowed fans across the globe to “get into the game”. To learn more, see the full story at:

<http://www-1.ibm.com/services/ondemand/pgs.html>

► **United States Tennis Association**

Over 2 million users and over 173 million pages viewed but for only two weeks out of the year. The U. S. Open needed it, and IBM served it up. For complete details, see:

<http://www-1.ibm.com/services/ondemand/usta.html>

**Travel and transportation: Mobil Travel Guide**

Mobil needed a cost-efficient way to offer clients a real time, online version of the Mobil Travel Guide. IBM had a five-star solution. For the full story, see:

<http://www-1.ibm.com/services/ondemand/mobil.html>





## On demand business examples

This chapter presents two examples of organizations that have each become an on demand business. Although the names are fictitious, the situations are true.

## 12.1 Government of Sample Town

The sale and implementation of the IBM Solution for Government of Sample Town (GST1) was quite a success. This client's immense satisfaction lead them to purchase, in the following year, the IBM WebSphere Portal Express Solution, which they are currently deploying.

### 12.1.1 Client background

GST1 is responsible for the well-being of a small town in North America. Major industries in the town are agriculture, tourism, fishing, and manufacturing. The population of approximately 140,000 is more than 50% rural. GST1 has various functions that cover:

- ▶ Arts, culture, and heritage
- ▶ Buildings
- ▶ Law and justice
- ▶ Licenses and registrations
- ▶ Taxes
- ▶ Youth

### 12.1.2 Business need

GST1 had a Web site that provided basic information and services to the town. Its legacy Sun Microsystems Solaris servers and Intel-based servers running Linux didn't have the concurrent loading and retrieval performance that the government needed to provide business transactions online. As a result, the citizens of GST1 scrambled to brick-and-mortar locations to pay bills, apply for government funding, or complete other business before government branch offices closed at 5 p.m., Monday through Friday.

Fending off disgruntled constituents, the incumbent administration promised the people of GST1 that it would provide reliable around-the-clock availability to its business applications. To keep its promise, the government sought a cost-effective, easy-to-implement, blue-chip-vendor solution to establish a central repository for government-wide information and services.

### 12.1.3 Solution implementation

Admiring the proven performance of an IBM solution, GST1's information technology (IT) department purchased and implemented four xSeries model 345 servers. In addition to the advanced integration functions and improved scalability and performance, the new servers provide:

- ▶ Intel Xeon processors that support 533 MHz frontside bus (FSB), double data rate (DDR) memory, Dual Ultra 320 Small Computer System Interface (SCSI) controllers, support of Ultra 320 hard disk drives (HDDs), Integrated Dual Gigabit Ethernet, and five Peripheral Component Interconnect (PCI) slots
- ▶ Light path diagnostics, predictive failure analysis, and IBM Director for proactive and predictive capabilities to help increase system reliability
- ▶ An optional Remote Supervisor Adapter for management of the server, even when it's offline
- ▶ IBM quality and support, speed and reliability, and the ability to scale on workload

On this solid and easy to manage hardware platform, GST1 combined the power of IBM DB2 V7.2 software with the open source and highly scalable attributes of a Linux operating system. It did this by installing IBM DB2 for Linux and IBM DB2 Universal Database (UDB) Workgroup Edition applications. Acting as the central repository for essential client application information, IBM DB2 for Linux software provides pure power at a lower cost than any other Linux database with on demand business on the market. It also allows the citizens and users of the new site enterprise-wide access, as well as management and analysis of all forms of information about all of GST1's major platforms. DB2 UDB Workgroup Edition software houses the rest of the client application information used to provide data to GST1 citizens.

Working together, the xSeries servers, DB2 software, and Linux operating system provide the concurrent loading and retrieval functions that have allowed the government to provide essential transactions on an around-the-clock basis.

### 12.1.4 Benefits of the solution

With its new scalable, open-source solution, GST1 has a strategic platform for its growing IT infrastructure. Built on open-standards, the IBM DB2 applications provide easy access to multiple data sources. They facilitate the enterprise-wide sharing of information on GST1's Web site. The Linux operating system delivers the high performance, cost-effectiveness, and security that the government needs for its sensitive systems.

The GST1 IT department projects a 20% increase in productivity, one-hour-per-day savings in human resources, and a 15% increase in revenue by providing the citizens of GST1 with the online ability to:

- ▶ Buy licenses and permits
- ▶ Apply for government funding and pay bills
- ▶ Find employment opportunities and locate people
- ▶ Access online government publications

## 12.2 Toy Manufacturer Business

Toy Manufacturer Business' (TMB1's) requirements were to quickly and easily build, run, and deploy Web applications with a central client data repository. Team IBM in turn carefully mapped these requirements with IBM solutions. Team IBM recommended to the client the significant business benefits in having a load failover and load balancing environment for peak client transaction times. They also recommended a centralized robust backup and recovery system to support their IT infrastructure.

The client agreed and was satisfied with the integrated nature of the IBM solutions that were recommended to provide one total solution to resolve their business desires. IBM also suggested to the client that the implementation of the solution could be executed by the IBM services team. This would provide speed of deployment, which would reduce the client's opportunity loss, and use administrative system training.

However, the client thought the implementation could have been done by their internal technical team. They did not have a clear understanding of the critical technical deliverables required for the project's successful implementation. This is what Team IBM should have helped them to understand. The deployment of the solution by the client became an expensive process because the technology was unfamiliar to them so the time lines were not met. The client became frustrated and dissatisfied. They requested IBM's assistance to provide the roadmap for the delivery phase for a successful deployment.

Essentially, this example speaks about the importance of Team IBM and the client identifying, agreeing to, and documenting the critical success factors required to complete any given business project.

### 12.2.1 Solution synopsis

TMB1 extends its green-screen applications to a Web browser-based interface with IBM WebSphere Host Access Transformation Services (HATS) and IBM WebSphere Portal – Express. They benefit from improved efficiency and support for easy application development for the future.

### 12.2.2 Client background

Founded in 1985, TMB1 is one of the top ten toy brands in North America. With 1,000 employees and approximately US\$200 million in revenues, TMB1 is known worldwide for its safe, high-quality plastic building blocks and toys for toddlers, preschoolers, and older children.

TMB1's toddler line includes shape-sorting blocks, buckets, and vehicles. Its preschool line integrates electronics into toys that teach numbers, colors, and shapes, and music. For older children, TMB1 offers its Dinosaur collection, which includes build-it-yourself radio-controlled robots and the Dragon line that has mythical settings with dragons and fortresses.

### 12.2.3 Business need

Part of the TMB1 mission is to achieve operational excellence to provide its client base of parents and children with high-quality toys that encourage creativity and learning. To this end, the company relies heavily on its IT infrastructure. In particular, TMB1 relies on robust Enterprise Resource Planning (ERP) applications from PeopleSoft. It also relies on comprehensive Internet messaging solutions based on IBM Lotus Domino technology to support everything from materials requisition to supply-chain logistics to distribution and marketing.

TMB1 was running its mission-critical business processes on an iSeries platform. The iSeries is a state-of-the-art serving solution that runs advanced ERP applications and enterprise-class messaging solutions. However, the company's employees were accessing them via 5250 terminals with 5250 emulation software designed to support the iSeries. Like all green-screen emulation software, it was difficult for employees to grasp. As a result, they were slow and inefficient in their use of ERP applications and unwilling to exploit the IBM Lotus Domino-based collaboration software. Response times were at unacceptable levels. Training costs on 5250 emulation software would be high, particularly for undefined and potentially limited returns.

TMB1 needed to extend its green-screen applications to the Web so that employees could easily connect via a Web browser with corporate business and messaging applications running on the iSeries. TMB1 engaged an IBM Business Partner to implement a solution based on IBM software. The client selected IBM for the following reasons:

- ▶ The client's purchase of IBM Lotus Domino server software in 2003 resulted in a good working relationship. TMB1 wanted to build on that partnership, as well as take advantage of its already installed iSeries platform.
- ▶ The IBM Business Partner was willing to implement a proof of concept to demonstrate how IBM WebSphere technology would meet and exceed the stated requirements.
- ▶ Pricing was competitive.
- ▶ The IBM solution could be implemented quickly.

## 12.2.4 Solution implementation

TMB1 selected a solution built on IBM WebSphere technology. IBM WebSphere HATS V5 and IBM WebSphere Portal – Express V5 provide TMB1 with the tools to extend its legacy 5250 applications from the green screen to an HTML format. This allows employees to use a Web browser interface that makes business processes, such as the ERP application, accessible and easily navigable across the enterprise. Having access, modifying, or doing both to an application source code were not necessary. TMB1 is running WebSphere HATS software on its iSeries platform in an OS/400® V5R2 operating environment.

IBM WebSphere Portal – Express helps create portal pages that are easily customized by end users to match their needs. The software enables user authentication and single signon across multiple applications. It provides integrated document management capabilities and an integrated database. It also delivers interfaces for performing portal administration tasks and offers team collaboration features as an option. WebSphere Portal – Express provides a single view into all organizational content, applications and users, enabling TMB1's employees to do their jobs quickly and efficiently.

## 12.2.5 Benefits of the solution

The new look and feel provided by the WebSphere HATS and WebSphere Portal – Express software to TMB1's 5250 applications significantly increased end-user understanding and satisfaction. The easy-to-use interface accelerates workflow. Employees can easily navigate the host applications to take advantage of advanced functionality without requiring access or modification to source code.

The client estimates that productivity has increased by 15%. Employees can access information 20% faster than before. Client response times are quick, and employees are eager to leverage collaboration tools provided by IBM Lotus Domino.

Finally, building a Web foundation on open standards-based WebSphere software provides TMB1 with a strategic view to future Java-based solutions. TMB1 is in a position to leverage the IBM WebSphere Studio family of tools to add new integration and business logic to improve the efficiency and performance of its legacy applications. Likewise, TMB1 can use WebSphere application development tools to build new business applications in a matter of weeks, helping save time and development costs. TMB1 can rely on in-house resources for development or can access WebSphere expertise from either IBM itself or the ever-expanding IBM Business Partner community.

The TMB1 engagement represents the first WebSphere Portal -Express V5 implementation on an iSeries platform in North America.



# A

## Sample test

This appendix provides a sample test for Test 816, IBM Certified for On Demand Business Solutions Exam. Use this set of sample questions not so much as a study guide, but rather to gain a good feeling for the scope and nature of the test questions. The real Test 816 questions largely use the same terminology and look and feel.

The last thing we want to test you on is your ability to take tests, so we include a couple of basic guidelines that we used when constructing the test questions. This allows you to focus on the content of the test questions rather than the mechanics of the test process.

- ▶ Always answer with the best answer or answers. As is common, sometimes any answer can be made “correct” with enough caveats and dependencies. Focus on the root issues within the question to determine the best answer.
- ▶ If the question has two or more correct answers, it is clearly indicated as part of the question. The test tool (generally a specialized PC application) enforces the correct number of answers.

## Sample questions

1. A media and communications company recently acquired a publications house. The CEO needs to consolidate the IT infrastructures to help the company become more profitable and lead its market space. The CEO is aware of IBM On Demand Business initiatives. What should the Solution Advisor do first before meeting with the client?
  - a. Become familiar with IBM Profiler for On Demand Business.
  - b. Prepare a sample proposal for IT consolidation and set up a meeting to discuss the proposal with the CEO.
  - c. Use IBM's industry point of view data to understand how mergers and acquisitions have impacted businesses in similar industries.
  - d. Arrange a client briefing on IBM server and storage virtualization including references where mergers and acquisitions have been successful in similar situations.
2. A telecommunications company was recently acquired by another large telecommunications company. Many business applications on different IT environments existed prior to the merger and now an IT task force has been created, which must make them work together. What is the immediate potential opportunity that a Solution Advisor should identify?
  - a. Migration services opportunities for IBM and our Business Partners
  - b. Services opportunities for Business Process Integration and Re-engineering
  - c. IBM On Demand Business capabilities to integrate different business applications through middleware
  - d. Opportunities for high-end IBM servers since they have to move the business applications to a more robust environment
3. A manufacturing organization wants to minimize its software reprogramming and maintenance requirements by avoiding proprietary solutions. What strategy should the Solution Advisor recommend as best meeting the client's needs?
  - a. Open standards-based, quick to deploy, leveraging core systems
  - b. Java-based, quick to deploy, leveraging core systems
  - c. HTML-based, quick to deploy, leveraging core systems
  - d. Enterprise JavaBeans (EJB)-based, quick to deploy, leveraging core systems

4. An online retailer is struggling with fluctuation and flow of online demand. The Web solution has a very high volume sometimes, while at other times there is little activity. What should the Solution Advisor do for this online retailer? (Select two.)
  - a. Articulate the benefits of using IBM hardware versus competitive hardware solutions.
  - b. Describe solutions for On Demand Business from similar companies that were used to solve a similar problem.
  - c. Propose that the client deploy a utility model of computing and team with a provider to outsource the servers.
  - d. Use the IBM On Demand Business flash demo of the United States Tennis Association that demonstrates sharing servers with another firm.
5. IBM Business Partners have access to a consultative selling tool that helps them create a business case for cross-brand mid-market and StartNow solutions, while performing a billable services engagement. Which tool provides this opportunity?
  - a. On demand business Opportunity Assessment
  - b. IBM Profiler for On Demand Business
  - c. IBM Business Partner On Demand Business Tool
  - d. IBM PartnerWorld for Software Executive Assessment
6. Providing a consistent IT infrastructure service level is one of the key issues of a client. What key feature of on demand business computing should the Solution Advisor develop to create this buying vision?
  - a. Autonomic computing that provides a consistent, simplified systems management view across all systems resources
  - b. IT simplification through automation and virtualization, enabling access to, and creating a consistent, logical view of resources across a network
  - c. Integration that provides business flexibility through the consistent integration of people, processes, and information within and beyond the enterprise
  - d. Provisioning that provides an effective means of sharing capacity, reallocating, and reconfiguring storage resources, while avoiding costly service interruptions

7. The client has several departments that create peak loads on server capacity, with each department having its peak load at different times during the quarter. The Solution Advisor suggests a potential solution that will help the client automatically allocate server processing capacity to adjust to these peaks. Which capability of an On Demand Operating Environment is described in this solution?
- a. Infrastructure orchestration
  - b. Business process management
  - c. Access management
  - d. Application and information integration
8. The Chief Information Officer (CIO) of a mid-size financial services company is worried about terrorism, natural disasters and other external and unpredictable risks to the company's infrastructure. The CIO also agrees with the on demand business vision to become more resilient. Which of the following IBM capabilities best align to the CIO's buying vision? (Select two.)
- a. Grid Computing
  - b. On demand business Hosting
  - c. Middleware Solutions on Demand
  - d. Business Continuity and Recovery Services
9. A Fortune 500 distributor of hardware and software is developing an extranet for suppliers and partners. Data will be received and sent to multiple partners in different formats. Ensuring the accuracy of the data is critical. The company needs a solution that meets the needs of both large and small organizations. How should the Solution Advisor respond to highlight the relevant IBM strengths?
- a. Describe IBM's market leadership in information integration, collaboration, and message queuing.
  - b. Highlight the fact that IBM's Intel-based servers can run Microsoft Message Queuing economically at the partner sites.
  - c. Offer IBM services to standardize all partners on Linux, so that they can access the appropriate business applications.
  - d. Suggest an IBM DB2 solution that integrates information on diverse databases, giving real-time access as if it were a single database.

10. A client has developed a business case for an e-learning project that satisfies part of the solution vision of providing education to remote marketing teams at a reduced cost. As part of the evaluation criteria, what should the Solution Advisor include in the business case to justify the project's approval?
- a. Specification of current metrics for the business case before any work is started
  - b. The business case only to help the client's management team understand the solution
  - c. An estimation of clear and measurable benefits that emphasizes the validity of the business case
  - d. A list of all of the business and technical evaluation criteria associated with the business case
11. A manufacturing company identified system problems and has asked the Solution Advisor to recommend an appropriate solution. During conversations with client's representatives, the Solution Advisor sensed that the client's industry is going through a severe cash-flow problem. What should the Solution Advisor recommend the client do to move the process ahead?
- a. Postpone the system upgrade until the next fiscal year.
  - b. Consider an on demand business solution with flexible finance terms built in.
  - c. Call for Request for Information (RFIs) and choose the least expensive vendor.
  - d. Speak with their financial institution to get approval to finance the solution.
12. The CEO agreed to the on demand business solution that was proposed. However, his budget has already been allocated for the year. He is interested in any alternatives that will provide him a way to pay as he uses capacity for the availability solution proposed. Which of the following flexible financing options can the Solution Advisor recommend? (Select three.)
- a. Finance on demand
  - b. Total Usage Financing
  - c. Multiple Options Financing
  - d. Project Solution Financing
  - e. Flexible Capacity Financing

13. A book publisher has implemented an online book review and purchase feature based on an advisor's recommendation. The CEO is interested in comparing the current business results to past results without this feature. What should be the Solution Advisor's next step?
- a. Recommend that the CEO implement a Web measurement system to provide site analytics.
  - b. Recommend that the CEO do a client survey to obtain their views about the new features implemented.
  - c. Discuss the request with the IT department, obtain data from system logs, and show incremental purchases online.
  - d. Discuss with the client's finance department the increased revenue and obtain the invoicing details for new clients.
14. By outsourcing its ERP infrastructure, a manufacturing company was able to reduce cost, improve growth, and keep its competitive edge. The support services provided by IBM include Database Administrator (DBA), ADSTAR Distributed Storage Manager (ADSM), and project management. Although this is a client reference, why is it not considered an on demand business client reference?
- a. The solution lacks any self-management capabilities or at least one autonomic enabled product.
  - b. The solution lacks a flexible cost structure to allow the client to pay in accordance to the amount they used.
  - c. The solution is developed on technology that is not a part of the official list of solutions for On Demand Business or technologies.
  - d. The solution is not an end-to-end business solution that extends beyond the client's four walls to business partners.

## Answers to sample test

The correct answers are highlighted in bold.

1. A media and communications company recently acquired a publications house. The CEO needs to consolidate the IT infrastructures to help the company become more profitable and lead its market space. The CEO is aware of IBM On Demand Business initiatives. What should the Solution Advisor do first before meeting with the client?
  - a. Become familiar with IBM Profiler for On Demand Business.
  - b. Prepare a sample proposal for IT consolidation and set up a meeting to discuss the proposal with the CEO.
  - c. Use IBM's industry point of view data to understand how mergers and acquisitions have impacted businesses in similar industries.**
  - d. Arrange a client briefing on IBM server and storage virtualization including references where mergers and acquisitions have been successful in similar situations.

*Rationale:* To understand opportunity, the key sets the stage for a broader discussion around the opportunities that come from mergers and acquisitions.

2. A telecommunications company was recently acquired by another large telecommunications company. Many business applications on different IT environments existed prior to the merger and now an IT task force has been created, which must make them work together. What is the immediate potential opportunity that a Solution Advisor should identify?
  - a. Migration services opportunities for IBM and our Business Partners
  - b. Services opportunities for Business Process Integration and Re-engineering
  - c. IBM On Demand Business capabilities to integrate different business applications through middleware**
  - d. Opportunities for high-end IBM servers since they have to move the business applications to a more robust environment

*Rationale:* This is an immediate and long-term opportunity, which is key in this case.

3. A manufacturing organization wants to minimize its software reprogramming and maintenance requirements by avoiding proprietary solutions. What strategy should the Solution Advisor recommend as best meeting the client's needs?
- a. Open standards-based, quick to deploy, leveraging core systems**
  - b. Java-based, quick to deploy, leveraging core systems
  - c. HTML-based, quick to deploy, leveraging core systems
  - d. Enterprise JavaBeans (EJB)-based, quick to deploy, leveraging core systems

*Rationale:* This is the correct choice because the IBM On Demand Business strategy recommends a standards-based model to leverage existing investment.

4. An online retailer is struggling with fluctuation and flow of online demand. The Web solution has a very high volume sometimes, while at other times there is little activity. What should the Solution Advisor do for this online retailer? (Select two.)
- a. Articulate the benefits of using IBM hardware versus competitive hardware solutions.
  - b. Describe solutions for On Demand Business from similar companies that were used to solve a similar problem.**
  - c. Propose that the client deploy a utility model of computing and team with a provider to outsource the servers.**
  - d. Use the IBM On Demand Business flash demo of the United States Tennis Association that demonstrates sharing servers with another firm.

*Rationale:* These answers show the client real examples and experience in helping other clients with the same or a similar problem.

5. IBM Business Partners have access to a consultative selling tool that helps them create a business case for cross-brand mid-market and StartNow solutions, while performing a billable services engagement. Which tool provides this opportunity?
- a. On demand business Opportunity Assessment
  - b. IBM Profiler for On Demand Business
  - c. IBM Business Partner On Demand Business Tool
  - d. IBM PartnerWorld for Software Executive Assessment**

*Rationale:* Refer to the IBM PartnerWorld for Software Executive Assessment, also called the Software Executive Assessment, Web page at:

[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/ms\\_ea\\_splash.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/ms_ea_splash.html)

The others tools are either for Business Partner education, or they do not generate fee services opportunities.

6. Providing a consistent IT infrastructure service level is one of the key issues of a client. What key feature of on demand business computing should the Solution Advisor develop to create this buying vision?
- a. Autonomic computing that provides a consistent, simplified systems management view across all systems resources**
  - b. IT simplification through automation and virtualization, enabling access to, and creating a consistent, logical view of resources across a network
  - c. Integration that provides business flexibility through the consistent integration of people, processes, and information within and beyond the enterprise
  - d. Provisioning that provides an effective means of sharing capacity, reallocating, and reconfiguring storage resources, while avoiding costly service interruptions

*Rationale:* The client has network service-level agreements.

7. The client has several departments that create peak loads on server capacity, with each department having its peak load at different times during the quarter. The Solution Advisor suggests a potential solution that will help the client automatically allocate server processing capacity to adjust to these peaks. Which capability of an On Demand Operating Environment is described in this solution?
- a. Infrastructure orchestration**
  - b. Business process management
  - c. Access management
  - d. Application and information integration

*Rationale:* For more information about infrastructure orchestration, see:

<http://www-306.ibm.com/software/tivoli/features/web-svr-prov/infrastructure-orchestration.html>

By leveraging the unique capabilities of the IBM Tivoli Intelligent ThinkDynamic Orchestrator product, IBM Web Infrastructure Orchestration allows clients to use resources where they support business results most efficiently by proactively sensing and responding to peaks in demand and allocating IT resources to the most important processes based on business policy. This optimization of resources hardware, software, applications, networking, clustering, etc. can often result in a doubling of utilization.

8. The Chief Information Officer (CIO) of a mid-size financial services company is worried about terrorism, natural disasters and other external and unpredictable risks to the company's infrastructure. The CIO also agrees with the on demand business vision to become more resilient. Which of the following IBM capabilities best align to the CIO's buying vision? (Select two.)
- a. Grid Computing
  - b. On demand business Hosting**
  - c. Middleware Solutions on Demand
  - d. Business Continuity and Recovery Services**

*Rationale:* The keys are both ways of targeting CEO concerns. They ensure that regardless of the solution that is purchased, IBM can keep them running. The second key means IBM is responsible for the hosting.

9. A Fortune 500 distributor of hardware and software is developing an extranet for suppliers and partners. Data will be received and sent to multiple partners in different formats. Ensuring the accuracy of the data is critical. The company needs a solution that meets the needs of both large and small organizations. How should the Solution Advisor respond to highlight the relevant IBM strengths?
- a. Describe IBM's market leadership in information integration, collaboration, and message queuing.**
  - b. Highlight the fact that IBM's Intel-based servers can run Microsoft Message Queuing economically at the partner sites.
  - c. Offer IBM services to standardize all partners on Linux, so that they can access the appropriate business applications.
  - d. Suggest an IBM DB2 solution that integrates information on diverse databases, giving real-time access as if it were a single database.

*Rationale:* This key provides the only full view of the relevant IBM strengths. B is not relevant, because any Intel-based server can run Microsoft applications. C is not a reasonable solution, because it forces suppliers to change rather than to accommodate them. D is not relevant to the problem.

10. A client has developed a business case for an e-learning project that satisfies part of the solution vision of providing education to remote marketing teams at a reduced cost. As part of the evaluation criteria, what should the Solution Advisor include in the business case to justify the project's approval?
- a. Specification of current metrics for the business case before any work is started
  - b. The business case only to help the client's management team understand the solution
  - c. An estimation of clear and measurable benefits that emphasizes the validity of the business case**
  - d. A list of all of the business and technical evaluation criteria associated with the business case

*Rationale:* The business case is the reason for going forward with the project. The business case does not address the technical requirements.

11. A manufacturing company identified system problems and has asked the Solution Advisor to recommend an appropriate solution. During conversations with client's representatives, the Solution Advisor sensed that the client's industry is going through a severe cash-flow problem. What should the Solution Advisor recommend the client do to move the process ahead?
- a. Postpone the system upgrade until the next fiscal year.
  - b. Consider an on demand business solution with flexible finance terms built in.**
  - c. Call for Request for Information (RFIs) and choose the least expensive vendor.
  - d. Speak with their financial institution to get approval to finance the solution.

*Rationale:* This key to recommend an on demand business solution with flexible finance terms built in is most appropriate. The other options will not meet the need.

12. The CEO agreed to the on demand business solution that was proposed. However, his budget has already been allocated for the year. He is interested in any alternatives that will provide him a way to pay as he uses capacity for the availability solution proposed. Which of the following flexible financing options can the Solution Advisor recommend? (Select three.)

- a. Finance on demand
- b. Total Usage Financing**
- c. Multiple Options Financing
- d. Project Solution Financing**
- e. Flexible Capacity Financing**

*Rationale:* The other possible answers are not financing options in the on demand business financing and delivery options.

13. A book publisher has implemented an online book review and purchase feature based on an advisor's recommendation. The CEO is interested in comparing the current business results to past results without this feature. What should be the Solution Advisor's next step?

- a. Recommend that the CEO implement a Web measurement system to provide site analytics.**
- b. Recommend that the CEO do a client survey to obtain their views about the new features implemented.
- c. Discuss the request with the IT department, obtain data from system logs, and show incremental purchases online.
- d. Discuss with the client's finance department the increased revenue and obtain the invoicing details for new clients.

*Rationale:* The key is the only additional solution or starburst opportunity that an Solution Advisor should do anyway. The measurement and tracking of the activity are a natural follow on. The others maintain status quo.

14. By outsourcing its ERP infrastructure, a manufacturing company was able to reduce cost, improve growth, and keep its competitive edge. The support services provided by IBM include Database Administrator (DBA), ADSTAR Distributed Storage Manager (ADSM), and project management. Although this is a client reference, why is it not considered an on demand business client reference?
- a. The solution lacks any self-management capabilities or at least one autonomic enabled product.
  - b. The solution lacks a flexible cost structure to allow the client to pay in accordance to the amount they used.
  - c. The solution is developed on technology that is not a part of the official list of solutions for On Demand Business or technologies.**
  - d. The solution is not an end-to-end business solution that extends beyond the client's four walls to business partners.

*Rationale:* Refer to IBM Customer Reference Materials FAQs. The Tivoli brand is no longer accepting references for ADSM (the predecessor to Tivoli Storage Manager. Only submit the reference if the client is using Tivoli Storage Manager.



# Related publications

The information listed in this section is considered particularly suitable for a more detailed discussion of the topics covered in this redbook.

## IBM Redbooks

For information about ordering these publications, see “How to get IBM Redbooks” on page 200. Note that some of the documents referenced here may be available in softcopy only.

- ▶ *On Demand Operating Environment: Creating Business Flexibility*, SG24-6633
- ▶ *On Demand Operating Environment: Managing the Infrastructure*, SG24-6634
- ▶ *A Practical Guide to the IBM Autonomic Computing Toolkit*, SG24-6635

## Other publications

These publications are also relevant as further information sources:

- ▶ Burk, K. “Meet the Street: Will the Cisco Kid Ride Again?” 06 February 2002, thestreet.com  
<http://www.thestreet.com>
- ▶ Hoskins, Jim. *Building an On Demand Computing Environment with IBM: How to Optimize Your Current Infrastructure for Today and Tomorrow: Version 1.0P*. Maximum Press, August 2004. ISBN 193164411X.
- ▶ *Helping you make the journey to e-business on demand*  
<http://www-1.ibm.com/services/us/imc/pdf/g510-3460-helping-you-make-the-journey-to-ebod.pdf>
- ▶ For the following documents, refer to this Web site:  
[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/ebod\\_starting\\_edu.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/ebod_starting_edu.html)
  - Presentation *10 Things You Need to Know about e-business on demand*
  - Overview for IBM Business Partners
  - e-business on demand Messaging Summary for Business Partners
  - Creating Breakthrough in the on demand World
- ▶ Industry Points of View (POVs)  
<http://www-1.ibm.com/services/ondemand/thinking.html>

- ▶ *On demand business: The executive guide* (white paper)  
[http://t1d.www-306.cacheibm.com/e-business/ondemand/us/pdf/Exec\\_Guide.pdf](http://t1d.www-306.cacheibm.com/e-business/ondemand/us/pdf/Exec_Guide.pdf)
- ▶ A guide to the on demand world  
<http://www.ibm.com/e-business/ondemand>
- ▶ IBM e-business on demand 'manifesto'  
<http://t1d.www-306.cacheibm.com/e-business/ondemand/us/pdf/manifesto.pdf>
- ▶ *On demand business: The new agenda for value creation*  
[http://www-1.ibm.com/solutions/plm/doc/content/bin/ibv\\_cross\\_od.pdf](http://www-1.ibm.com/solutions/plm/doc/content/bin/ibv_cross_od.pdf)

## Online resources

These Web sites and URLs are also relevant as further information sources:

- ▶ IBM On Demand Business  
<http://www.ibm.com/e-business/ondemand>
- ▶ IBM Certified for On Demand Business Initiative  
[http://www-1.ibm.com/certify/certs/eb\\_index.shtml](http://www-1.ibm.com/certify/certs/eb_index.shtml)
- ▶ IBM On Demand Business transformation  
[http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac\\_sol\\_certodbsa.html](http://www-1.ibm.com/partnerworld/pwhome.nsf/weblook/tac_sol_certodbsa.html)

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